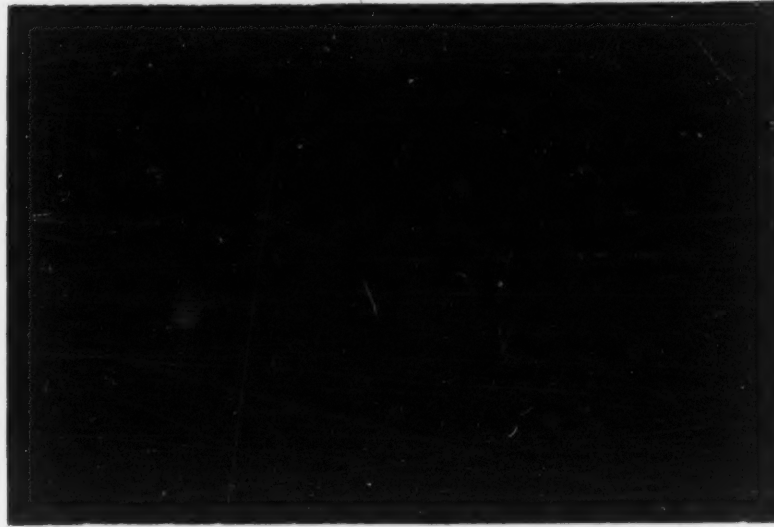


11/10/86 U7475-2A

SURVEYS OF CONSUMER ATTITUDES



Institute for Social Research

TABLES AND CHARTS

OCTOBER 1986

The October 1986 survey is the 219th in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

Two charts highlight recent changes and historical patterns for most questions. Recent change charts include quarterly data before 1978 and monthly data starting in January of 1978. Historical series charts show quarterly data before 1978 and 3 month moving averages since then. See the explanatory charts at the end of this book for a detailed description.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

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CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT



CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

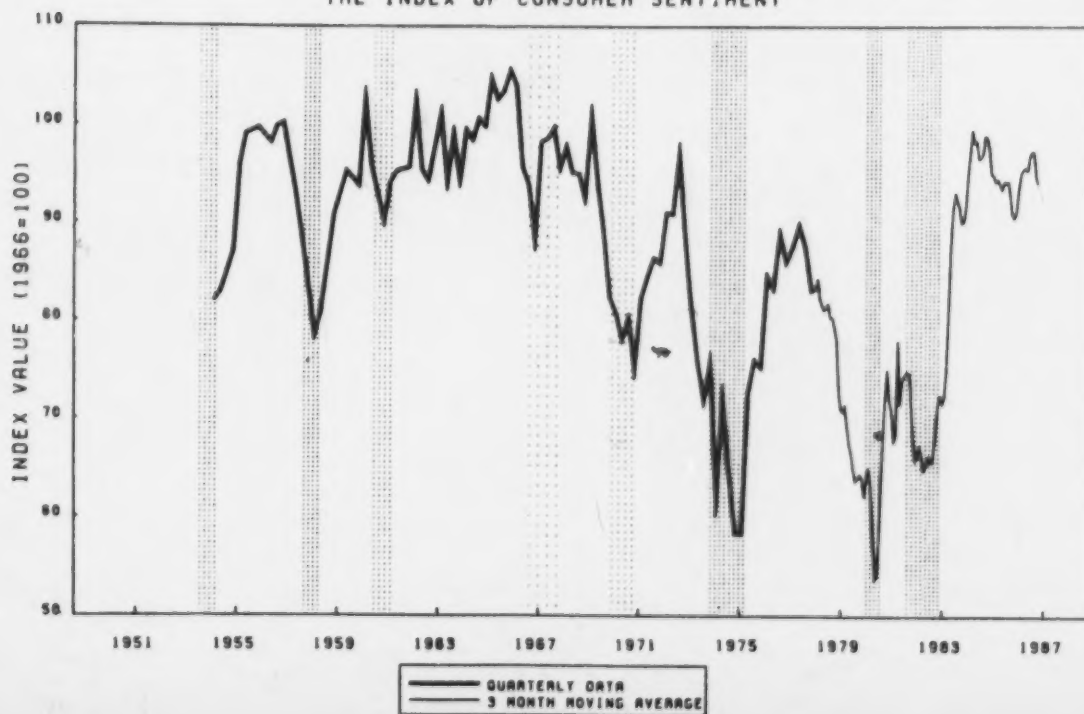


TABLE 1
THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	All families	Families with incomes over \$30,000	Families with incomes over \$40,000
October 1983	89.3	103.6	
November 1983	91.1	100.3	
December 1983	94.2	105.4	
January 1984	100.1	115.6	
February 1984	97.4	114.3	
March 1984	101.0	117.8	
April 1984	96.1	107.0	
May 1984	98.1	107.8	
June 1984	95.5	105.5	
July 1984	96.6	102.7	
August 1984	99.1	113.3	
September 1984	100.9	110.8	
October 1984	96.3	113.5	
November 1984	95.7	112.9	
December 1984	92.9	101.5	
January 1985	96.0	110.2	112.1
February 1985	93.7	113.8	113.8
March 1985	93.7	110.8	114.4
April 1985	94.6	108.9	114.9
May 1985	91.8	105.3	107.7
June 1985	96.5	107.4	110.3
July 1985	94.0	105.2	109.5
August 1985	92.4	106.7	110.2
September 1985	92.1	101.7	104.9
October 1985	88.4	99.6	107.4
November 1985	90.9	100.8	100.3
December 1985	93.9	106.0	108.3
January 1986	95.6	109.7	110.1
February 1986	95.9	107.8	109.0
March 1986	95.1	102.9	110.2
April 1986	96.2	106.9	111.0
May 1986	94.8	105.5	109.9
June 1986	99.3	110.6	112.4
July 1986	97.7	109.6	108.5
August 1986	94.9	105.0	106.6
September 1986	91.9	99.5	102.1
October 1986	95.6	102.8	105.5

CHART 2A - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

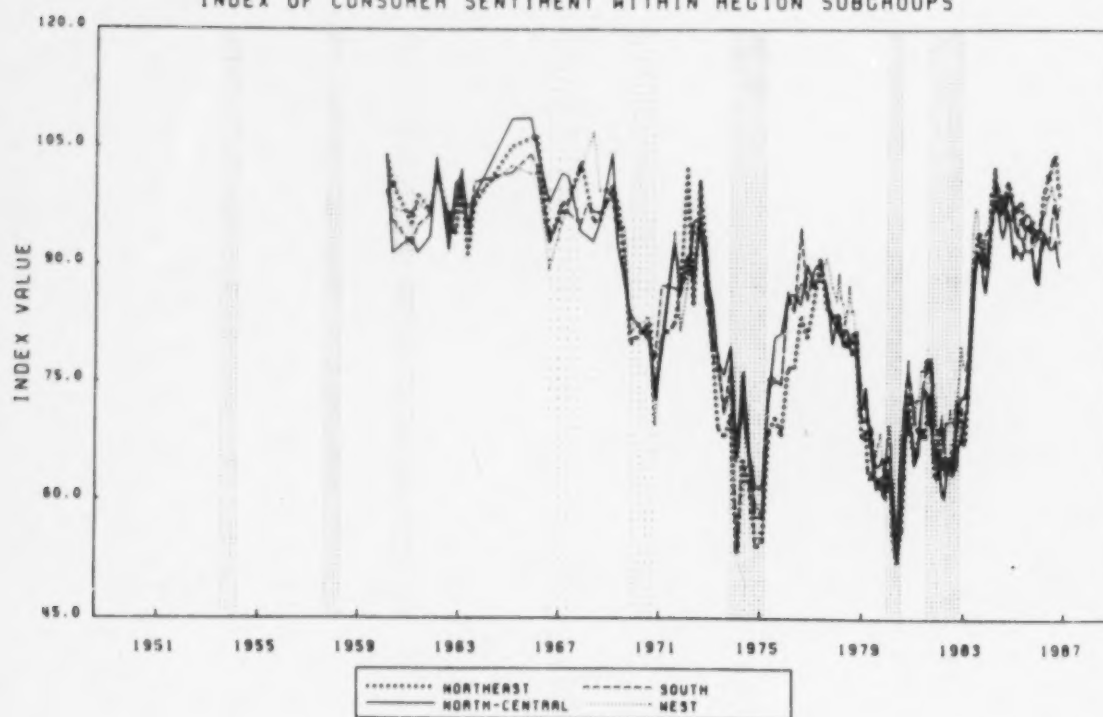


CHART 2B - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

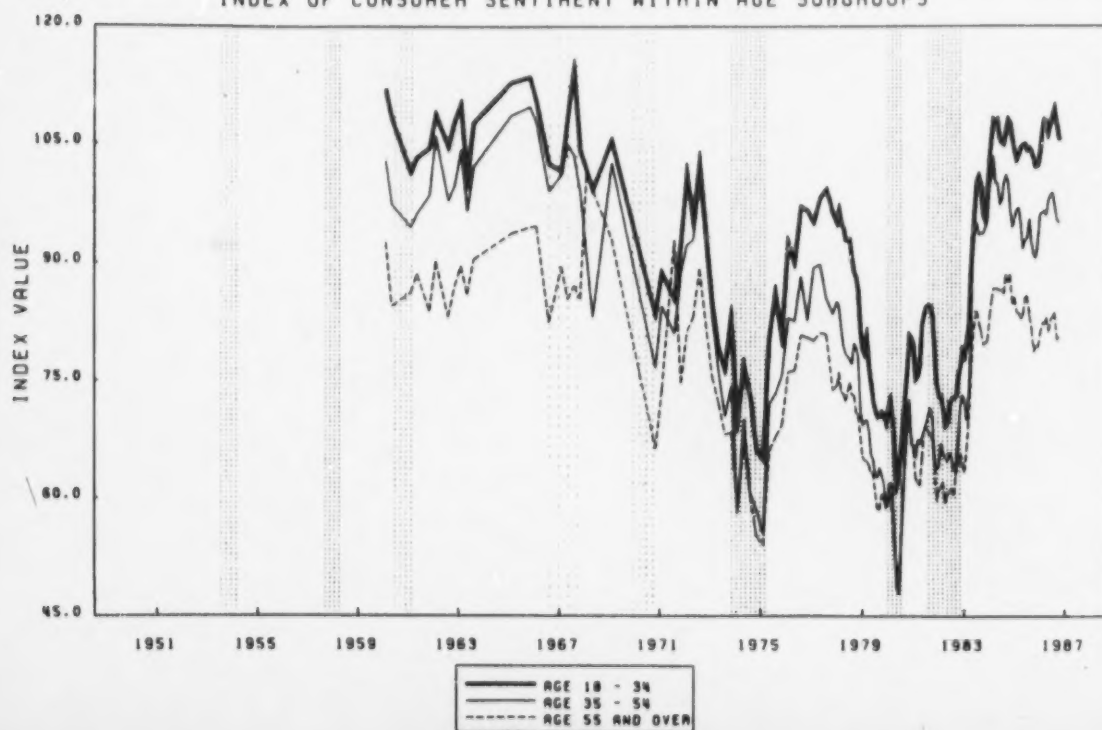


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY	CENSUS REGION				AGE OF RESPONDENT		
	North East	North Central	South	West	18-34	35-54	55+
October 1983	89.9	83.7	91.5	93.5	94.2	93.8	77.8
November 1983	87.7	88.3	91.5	98.5	97.2	94.6	80.7
December 1983	91.4	96.2	95.2	92.2	102.3	97.5	81.8
January 1984	100.7	96.8	97.5	107.5	107.9	106.0	87.4
February 1984	102.3	98.4	93.5	97.1	106.2	98.9	86.5
March 1984	104.8	98.5	102.1	97.5	109.9	105.2	86.6
April 1984	92.8	96.1	96.5	100.5	107.2	95.4	86.0
May 1984	98.8	96.3	96.5	103.9	107.5	98.8	86.6
June 1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July 1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August 1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September 1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October 1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November 1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December 1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January 1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February 1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March 1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April 1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May 1985	88.8	94.0	91.9	91.3	103.2	87.9	84.6
June 1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July 1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August 1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September 1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October 1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November 1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December 1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January 1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8
February 1986	103.4	92.7	93.2	98.0	109.7	94.1	83.8
March 1986	99.1	94.9	91.3	98.9	109.1	96.0	82.0
April 1986	102.7	92.3	94.4	99.5	104.8	97.8	83.6
May 1986	101.2	90.1	93.5	98.8	104.9	99.9	78.3
June 1986	106.2	94.1	98.5	102.7	112.7	97.9	86.6
July 1986	103.9	93.4	101.7	94.7	108.2	98.6	84.5
August 1986	102.5	92.6	90.5	98.2	107.9	95.2	80.1
September 1986	94.6	87.0	91.9	95.8	106.3	92.4	76.1
October 1986	99.1	90.0	96.5	99.3	102.5	97.3	85.7

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

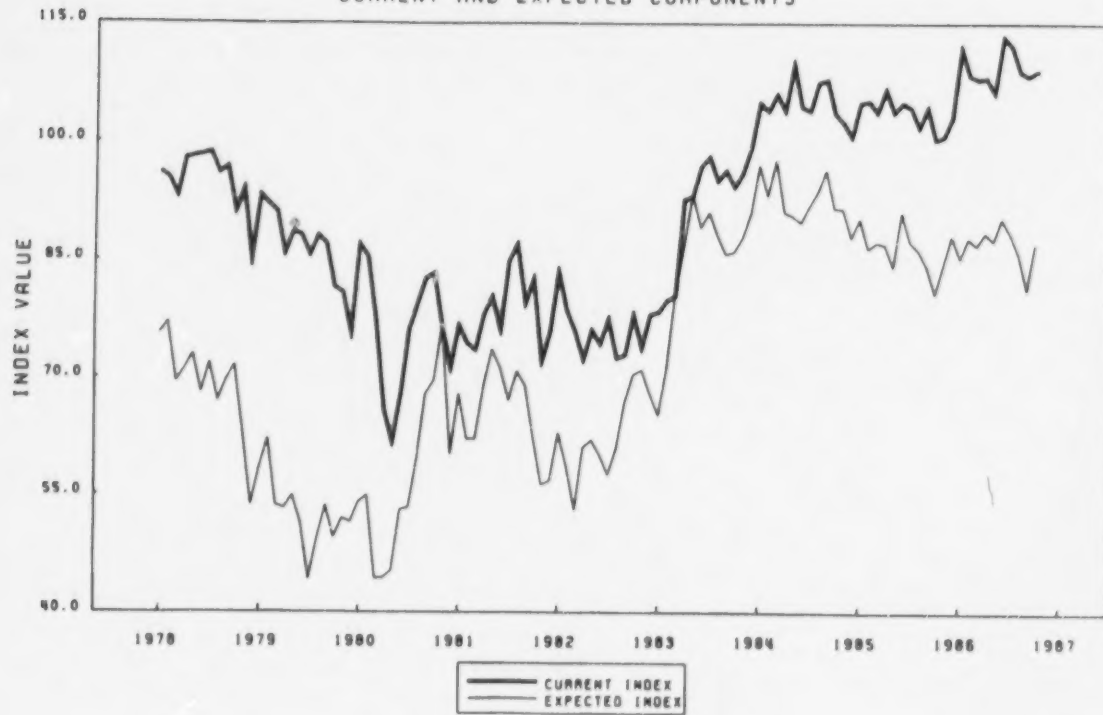


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

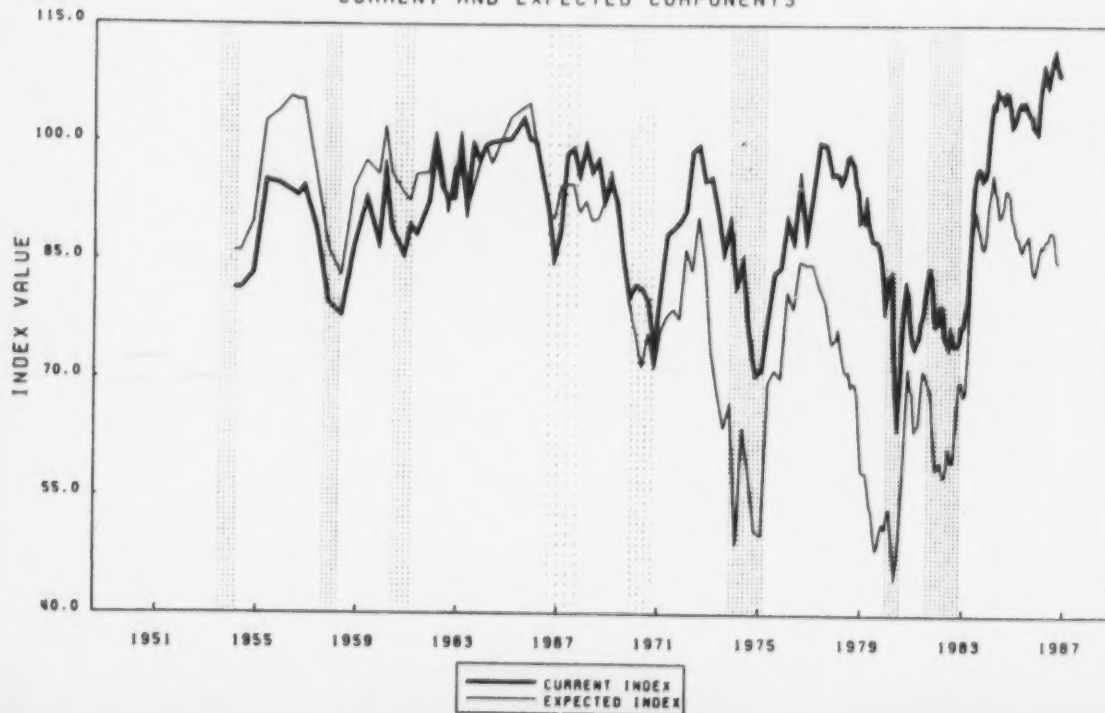


TABLE 3

COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

		INDEX COMPONENTS +						
		Personal finances		Business conditions		Buying conds.	Current Index	Expected Index
		Current	Expected	12 months	5 years			
DATE OF SURVEY		(1)	(2)	(3)	(4)	(5)	(1,5)	(2,3,4)
October 1983		104	124	124	98	140	94.3	86.1
November 1983		111	127	129	98	138	96.1	87.9
December 1983		123	125	140	102	134	99.3	91.0
January 1984		117	129	154	108	155	104.9	97.0
February 1984		119	130	139	106	151	103.9	93.2
March 1984		122	135	146	113	153	106.0	97.7
April 1984		116	125	136	107	152	103.5	91.4
May 1984		121	129	131	105	164	109.8	90.6
June 1984		126	124	131	106	145	104.4	89.8
July 1984		117	124	133	113	152	103.9	91.9
August 1984		125	129	137	111	153	107.5	93.7
September 1984		125	131	142	116	154	107.8	96.4
October 1984		118	127	134	107	150	103.6	91.6
November 1984		121	129	132	107	144	102.4	91.5
December 1984		118	125	131	98	143	100.6	87.9
January 1985		119	124	135	104	153	104.9	90.3
February 1985		115	120	131	96	158	105.1	86.5
March 1985		112	123	133	96	156	103.7	87.3
April 1985		116	127	128	95	161	106.6	87.0
May 1985		116	120	121	97	152	103.7	84.2
June 1985		115	127	133	106	157	104.9	91.1
July 1985		116	124	129	98	154	104.3	87.4
August 1985		112	123	125	99	152	101.8	86.3
September 1985		116	124	118	96	155	104.3	84.2
October 1985		111	123	111	90	148	100.3	80.6
November 1985		111	124	120	96	150	100.7	84.5
December 1985		120	124	127	103	147	103.1	88.1
January 1986		122	123	126	93	168	111.8	85.3
February 1986		117	123	132	98	164	108.4	87.8
March 1986		120	124	129	96	160	107.9	86.9
April 1986		120	128	133	94	160	108.1	88.5
May 1986		117	129	131	92	158	106.2	87.5
June 1986		124	127	136	100	170	113.3	90.3
July 1986		126	130	131	94	165	112.1	88.5
August 1986		121	128	123	94	161	108.9	85.9
September 1986		120	127	115	84	161	108.3	81.3
October 1986		120	127	124	99	162	108.9	87.1

(1) See Table 4.

(2) See Table 6.

(3) See Table 15.

(4) See Table 16.

(5) See Table 21.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO



CHART 4 - HISTORICAL SERIES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

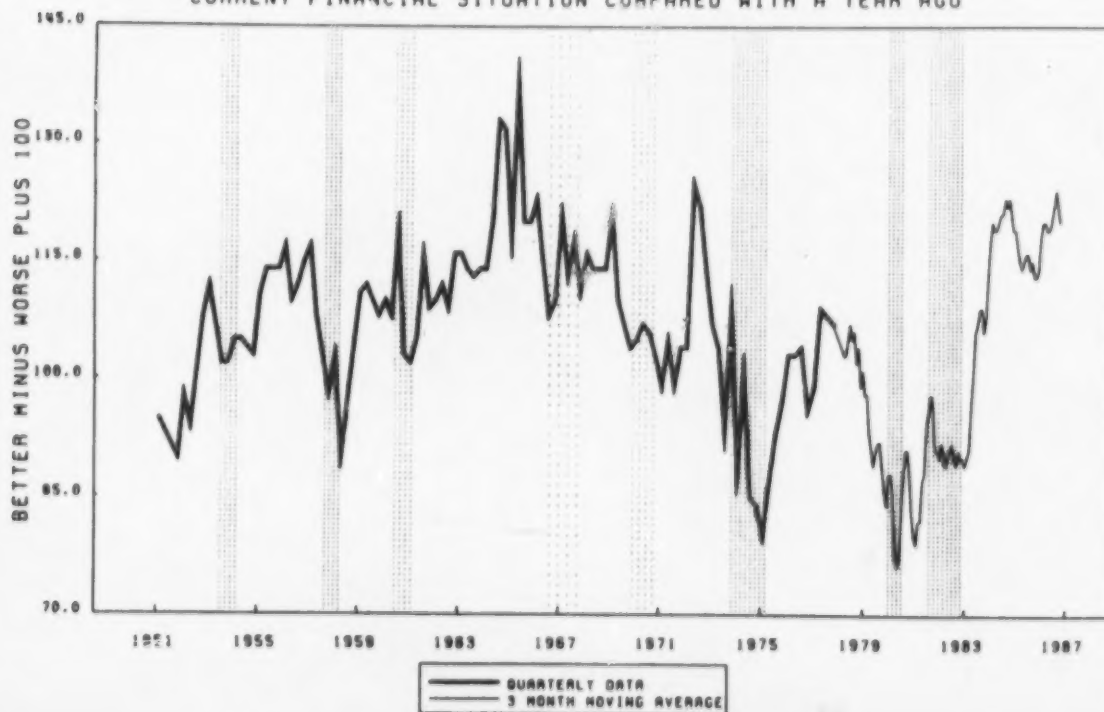


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986
BETTER OFF	39%	38%	46%	45%	44%	44%	45%	42%	47%	49%	46%	45%	44%
SAME	33	34	28	32	29	32	30	33	29	28	28	30	32
WORSE OFF	28	27	26	23	27	24	25	25	23	23	25	25	24
DK,NA	*	1	*	*	*	*	*	*	1	*	1	*	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	651	652	656	656	658	658	655	658	665	653	659	651

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

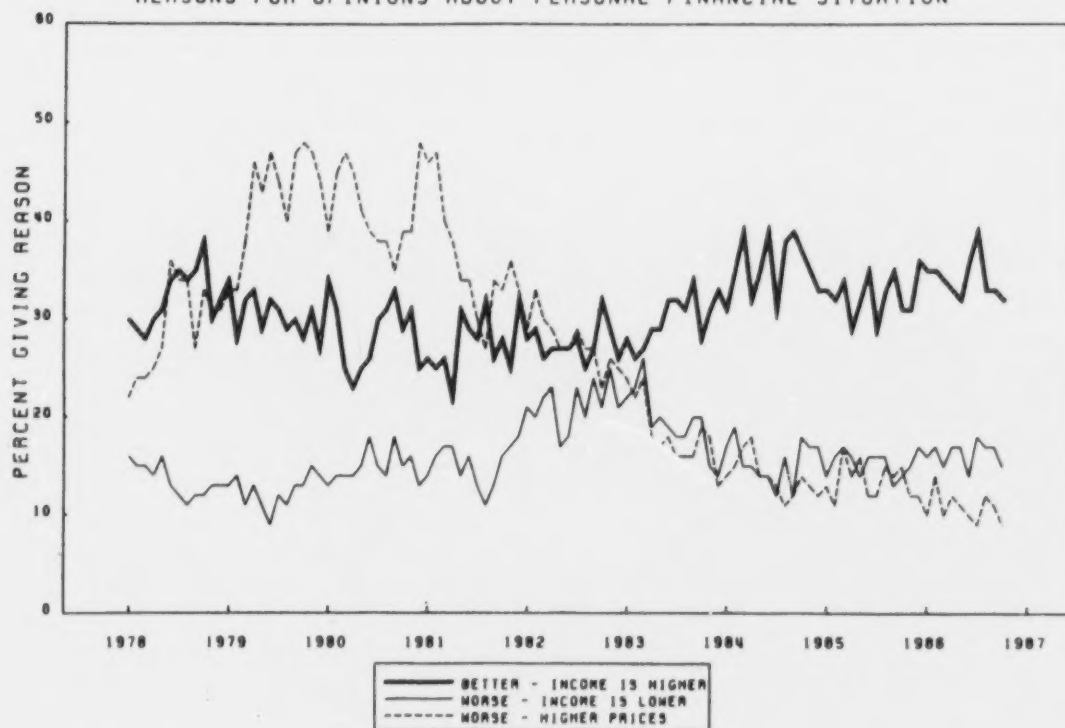


CHART 5 - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

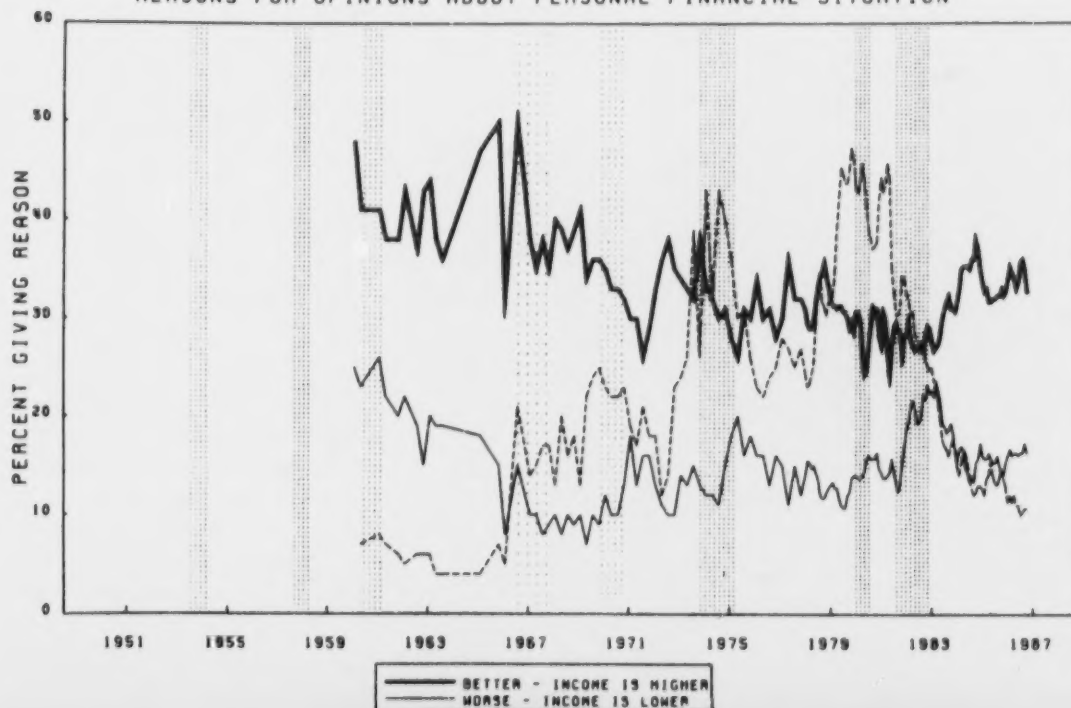


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986
BETTER OFF THAN YEAR AGO:													
Income is higher	31%	31%	36%	35%	35%	34%	33%	32%	36%	39%	33%	33%	32%
WORSE OFF THAN YEAR AGO:													
Income is lower	14	15	17	16	17	15	17	17	14	18	17	17	15
Higher prices	15	12	12	10	14	10	12	11	10	9	12	11	9

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES
EXPECTED CHANGE IN FINANCIAL SITUATION



CHART 6 - HISTORICAL SERIES
EXPECTED CHANGE IN FINANCIAL SITUATION

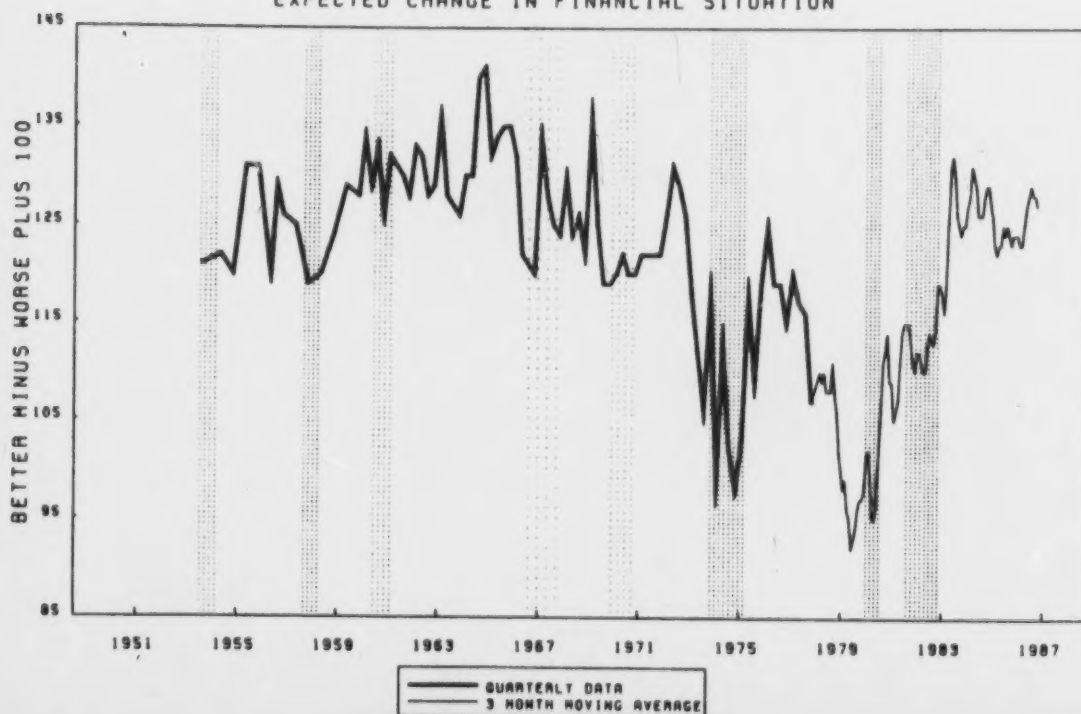


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986
BETTER OFF	33%	36%	33%	35%	35%	37%	38%	40%	38%	38%	39%	38%	37%
SAME	54	48	55	50	50	47	49	47	49	52	48	47	51
WORSE OFF	10	12	9	12	12	13	10	11	11	8	11	11	10
DK,NA	3	4	3	3	3	3	3	2	2	2	2	4	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	651	652	656	656	658	658	655	658	665	653	659	651

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION



CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION

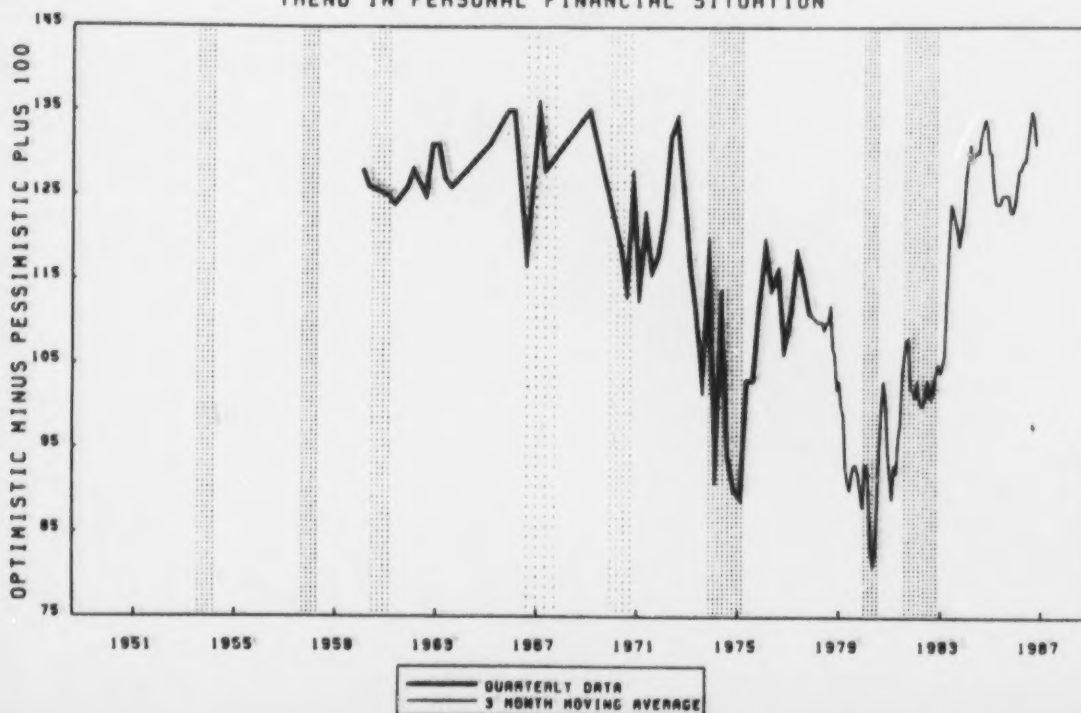


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	18%	19%	20%	21%	20%	22%	23%	22%	22%	23%	21%	21%	22%
Intermittant increase (b)	26	25	29	29	29	27	28	26	29	29	32	29	27
Remain unchanged (c)	23	20	18	18	16	18	16	19	18	19	15	16	19
Intermittant decline (d)	15	17	17	16	16	14	16	15	14	12	13	15	16
Continuous decline (e)	6	5	4	5	6	7	4	4	4	3	6	5	3
Mixed change (f)	9	10	10	9	11	9	10	11	11	11	11	10	11
DK,NA	3	4	2	2	2	3	3	3	2	3	2	4	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	651	652	656	656	658	658	655	658	665	653	659	651

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
 (b) Better/Same or Same/Better
 (c) Same/Same
 (d) Worse/Same or Same/Worse
 (e) Worse/Worse
 (f) Worse/Better or Better/Worse

CHART B - RECENT CHANGES
 MEDIAN EXPECTED CHANGE IN FAMILY INCOME

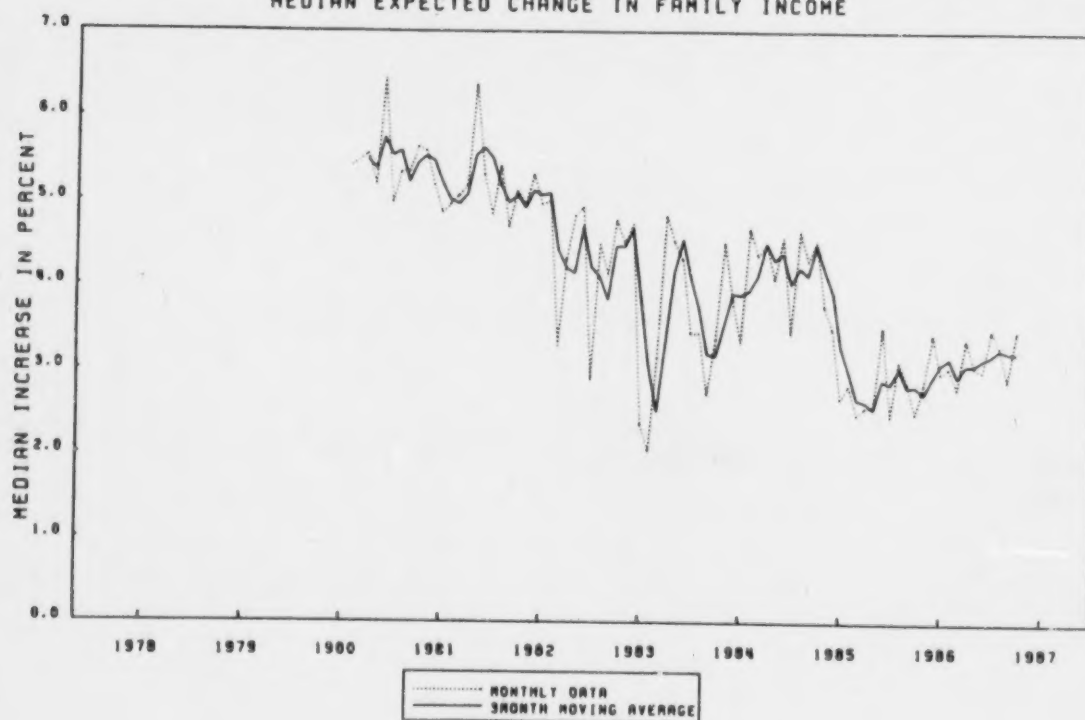


CHART B - HISTORICAL SERIES
 MEDIAN EXPECTED CHANGE IN FAMILY INCOME

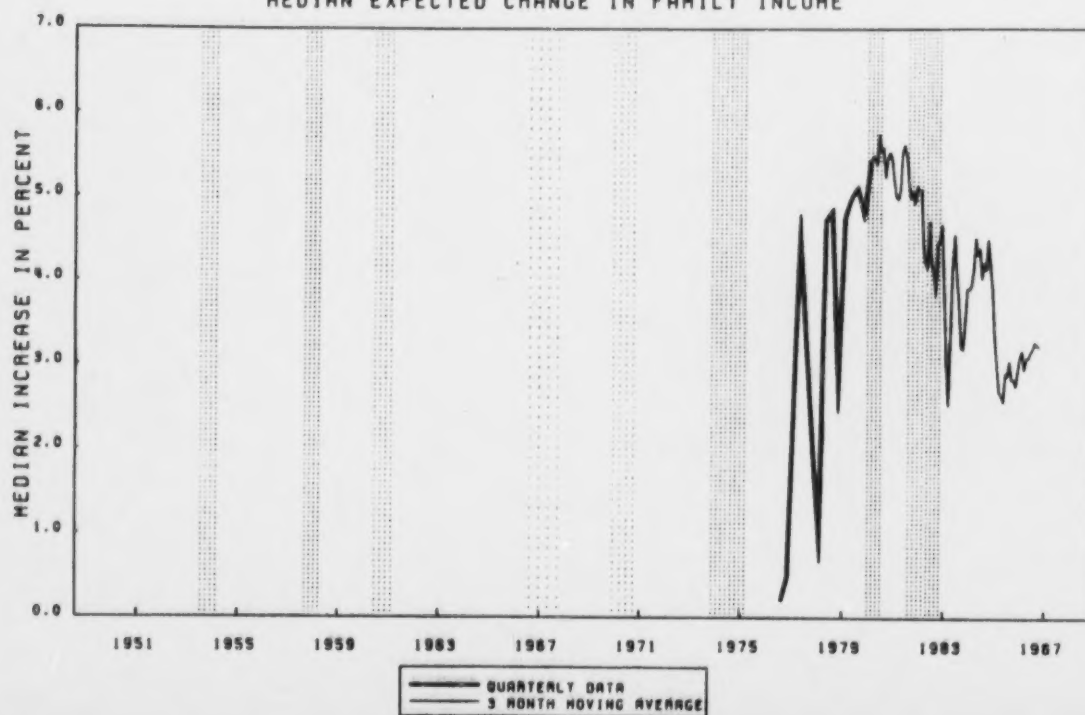


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986
EXPECT INCREASE:													
1-4%	13%	17%	14%	11%	17%	16%	13%	16%	15%	15%	16%	16%	14%
5%	7	9	11	12	10	10	9	9	11	12	11	15	12
6-9%	8	8	8	7	8	6	8	10	8	8	7	7	6
10-24%	17	14	17	16	16	14	19	15	15	17	14	15	19
25% or more	6	6	6	7	6	7	7	6	7	8	9	4	7
DK how much up	5	4	5	4	3	4	3	3	3	4	5	3	3
EXPECT SAME	29	26	25	28	27	27	25	25	25	22	24	26	26
EXPECT DOWN	14	14	12	14	12	15	15	14	14	14	13	13	12
DK,NA	1	2	2	1	1	1	1	2	2	*	1	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	651	652	656	656	658	658	655	658	665	653	659	651

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

* : Less than half of one percent.

CHART 9 - RECENT CHANGES
INCOME OR PRICES UP MORE NEXT YEAR



CHART 9 - HISTORICAL SERIES
INCOME OR PRICES UP MORE NEXT YEAR

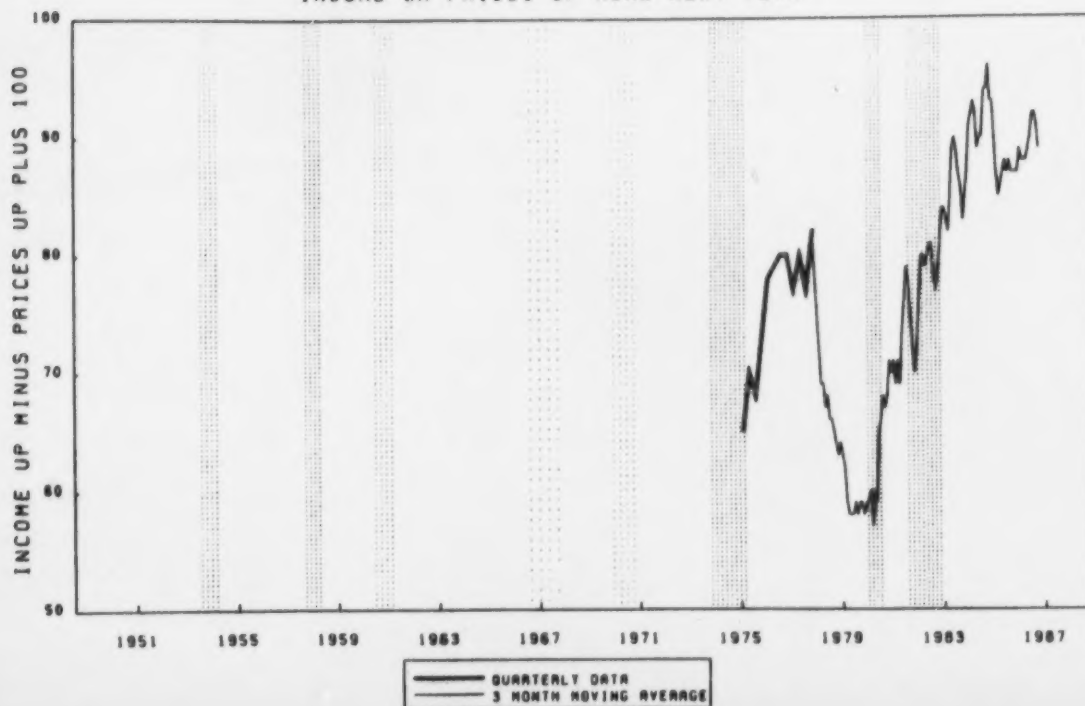


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986
INCOME UP MORE	20%	20%	23%	21%	19%	21%	21%	21%	23%	24%	22%	20%	22%
INCOME UP SAME	43	43	42	47	43	44	45	44	43	47	44	47	45
PRICES UP MORE	35	33	33	31	35	32	31	32	32	28	32	32	32
DK,NA	2	4	2	1	3	3	3	3	2	1	2	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	651	652	656	656	658	658	655	658	665	653	659	651

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

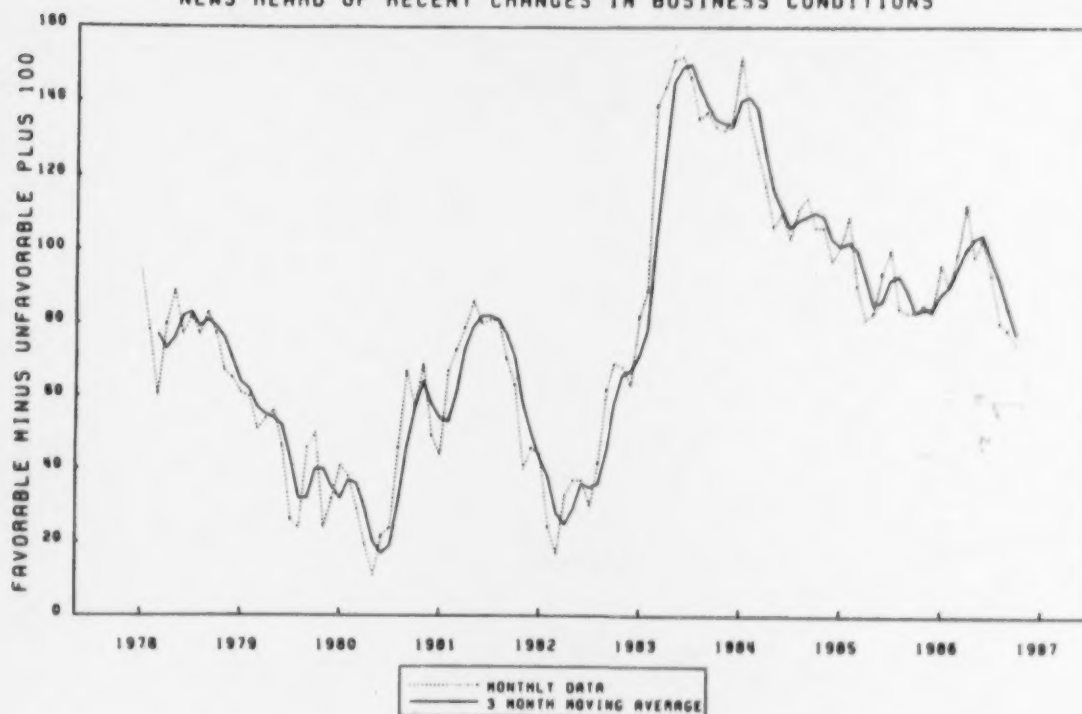


CHART 10 - HISTORICAL SERIES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

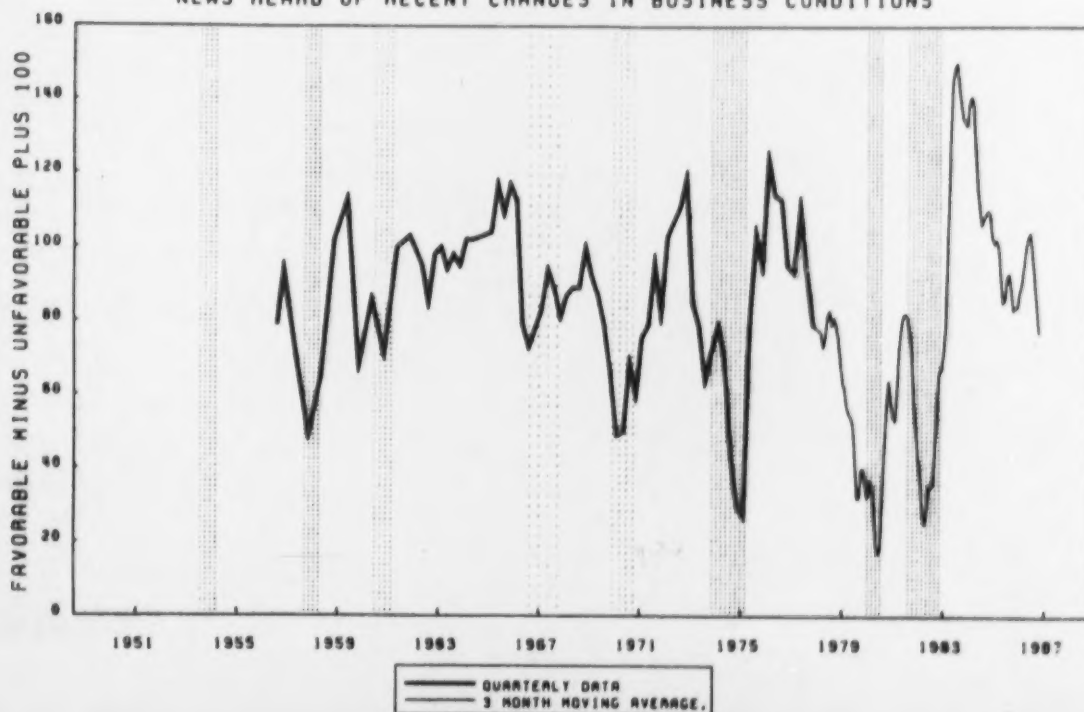


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986
FAVORABLE NEWS	28%	32%	33%	37%	34%	46%	55%	42%	42%	37%	33%	29%	26%
UNFAVORABLE NEWS	45	47	50	41	44	47	43	44	39	44	53	51	52
NO MENTIONS	52	47	47	47	46	43	38	44	46	45	44	49	48

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

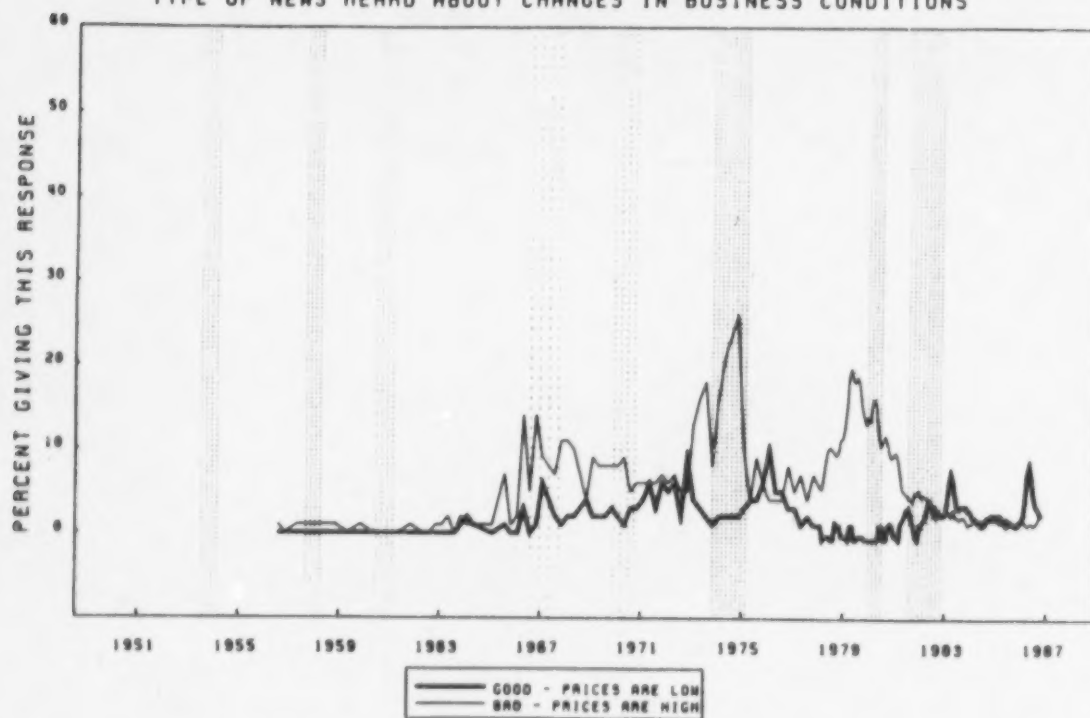


CHART 11B - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

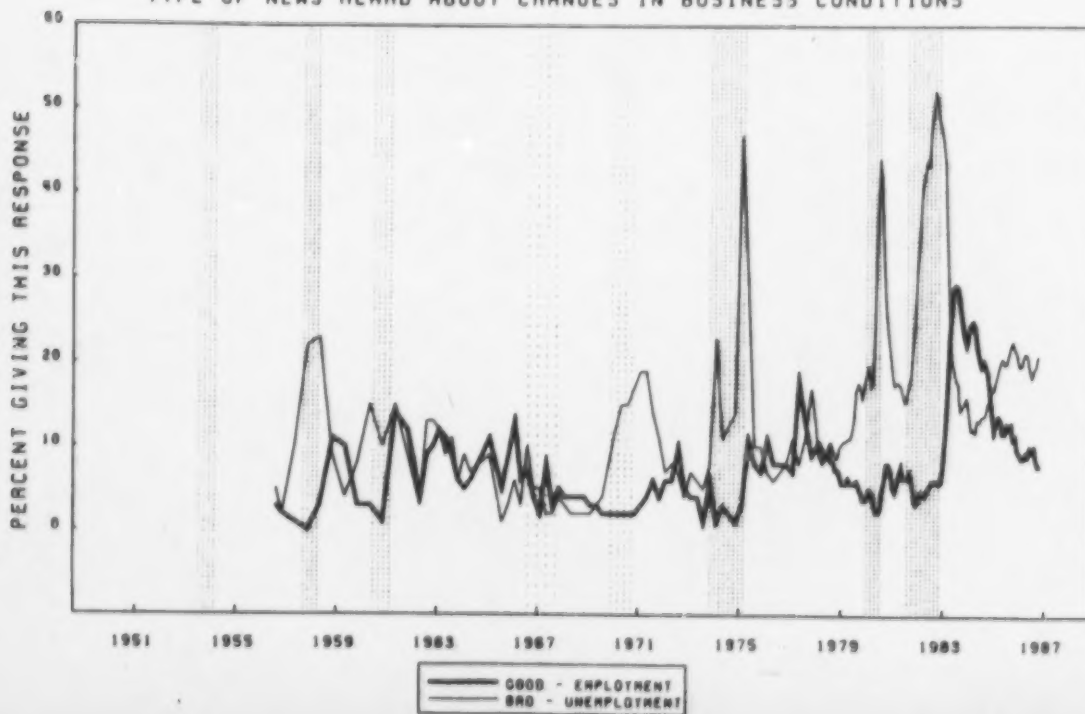


TABLE 11
SELECTED ITEMS OF
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986
FAVORABLE NEWS:													
Government; elections	1%	3%	2%	2%	2%	*	1%	2%	3%	3%	2%	2%	1%
Employment	9	12	8	8	10	8	10	9	11	9	10	6	7
Higher consumer demand	3	3	3	3	1	3	3	2	2	1	3	2	3
Lower prices	1	1	2	2	3	8	11	6	3	4	3	2	2
Easier credit	4	6	7	9	8	15	17	11	9	11	7	11	8
UNFAVORABLE NEWS:													
Government; elections	5	4	5	5	3	3	3	3	4	5	5	6	8
Unemployment	23	21	20	18	21	23	20	20	18	19	21	19	23
Lower consumer demand	1	2	5	3	1	2	2	3	2	1	2	1	2
Higher prices	1	2	2	2	1	1	1	2	1	*	3	2	2
Tighter credit	1	2	2	1	*	*	1	1	2	1	1	1	*
Energy crisis	*	*	*	*	*	*	*	1	*	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

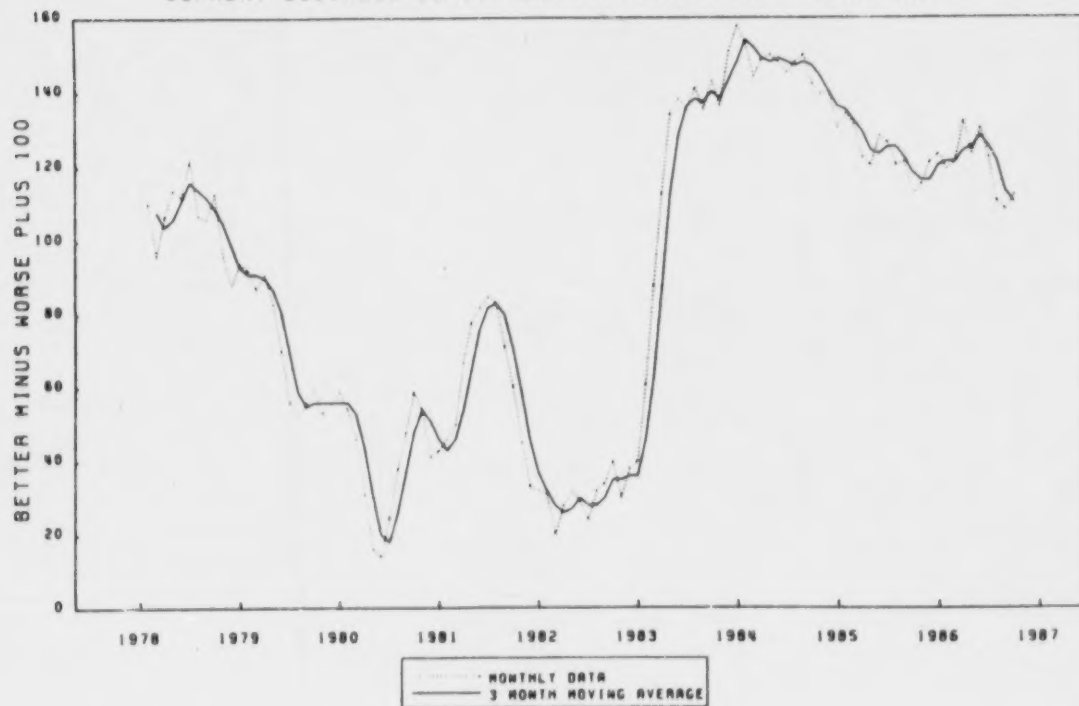


CHART 12 - HISTORICAL SERIES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

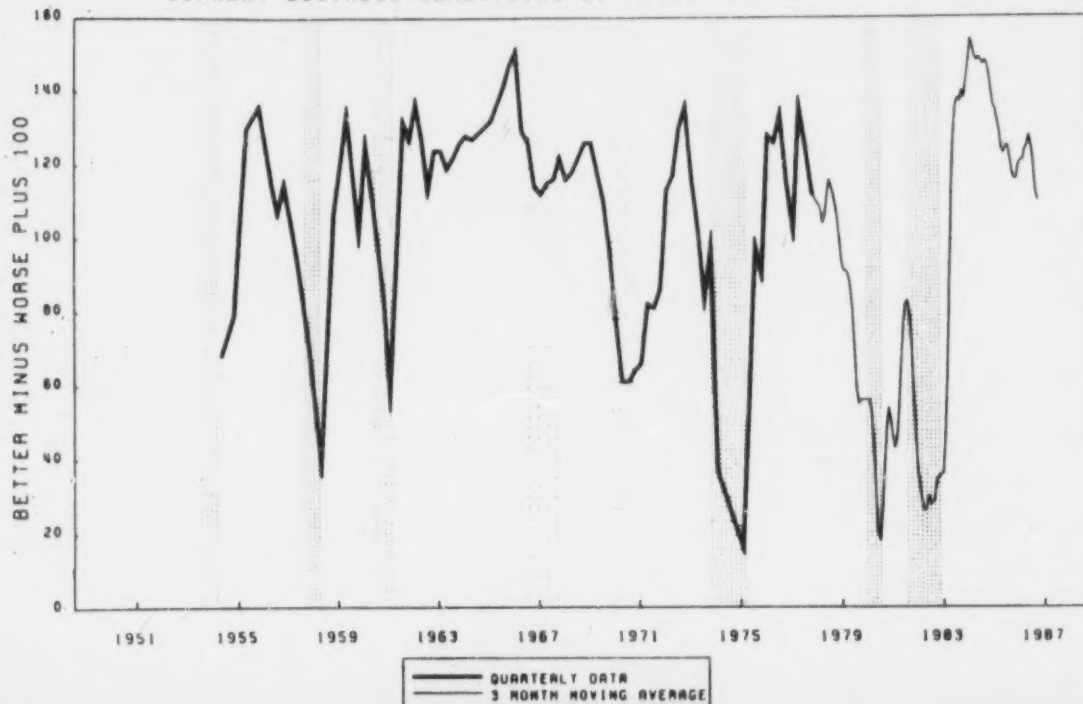


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986
BETTER NOW	47%	50%	52%	52%	51%	53%	61%	54%	60%	53%	47%	47%	47%
SAME	16	12	16	17	15	13	9	13	8	14	14	13	15
WORSE NOW	35	35	31	29	32	32	29	31	30	31	37	39	35
DK,NA	2	3	1	2	2	2	1	2	2	2	2	1	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	651	652	656	656	658	658	655	658	665	653	659	651

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR



CHART 13 - HISTORICAL SERIES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

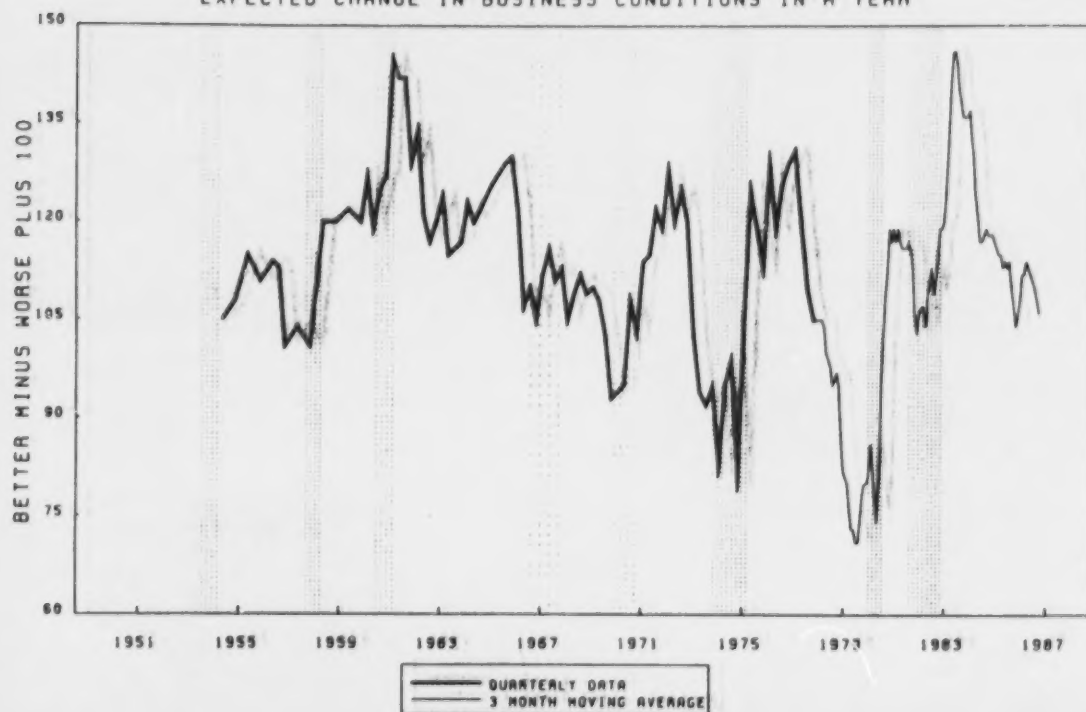


TABLE 13

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986
BETTER	23%	21%	27%	24%	27%	29%	29%	26%	25%	24%	26%	23%	21%
SAME	54	59	58	58	59	53	55	57	60	60	56	55	59
WORSE	20	18	14	16	12	16	15	14	14	14	17	18	18
DK,NA	3	2	1	2	2	2	1	3	1	2	1	4	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	651	652	656	656	658	658	655	658	665	653	659	651

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

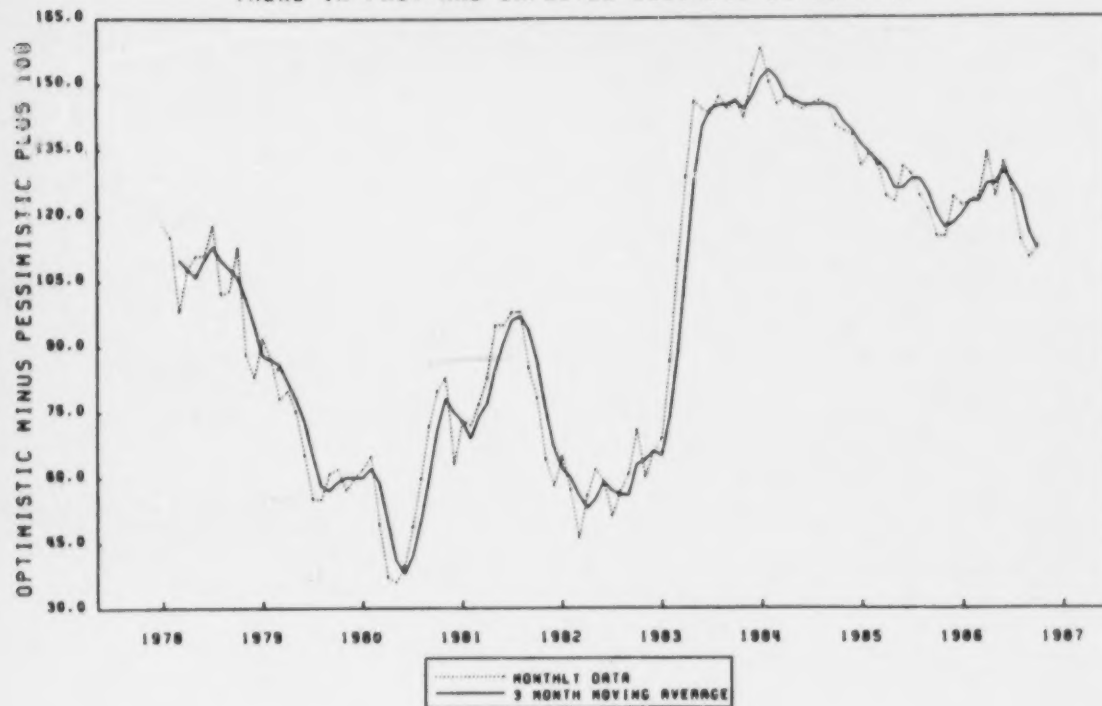


CHART 14 - HISTORICAL SERIES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

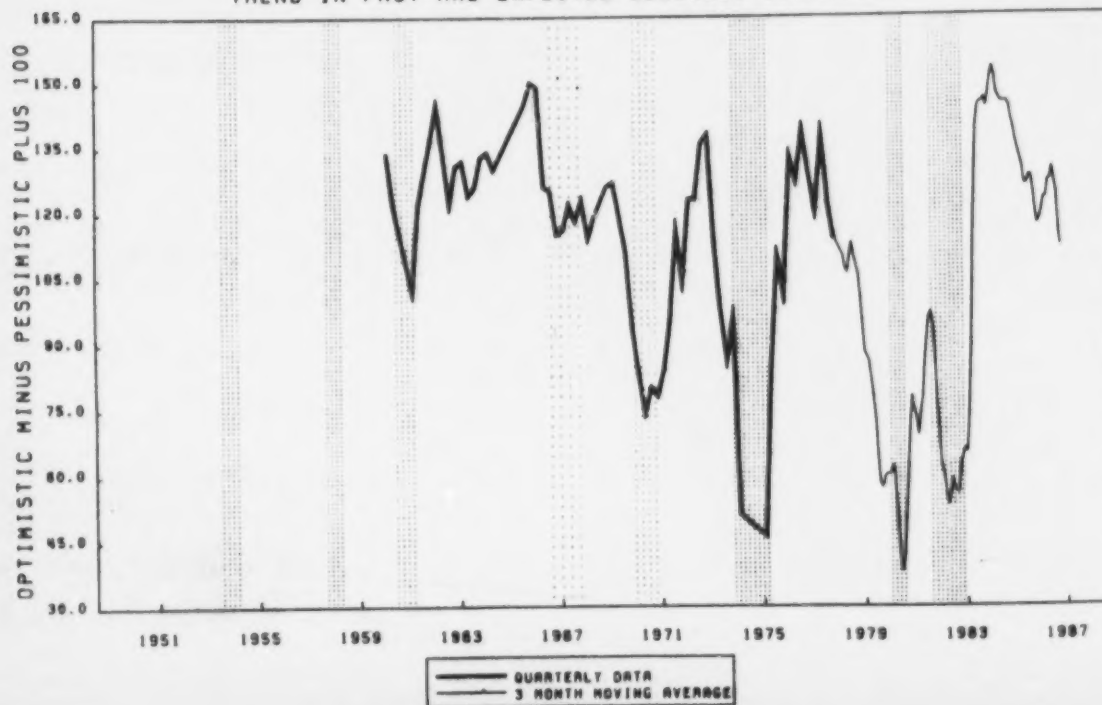


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986
TREND:													
Continuous increase (a)	16%	14%	19%	16%	19%	20%	23%	19%	18%	16%	17%	15%	13%
Intermittant increase (b)	31	34	33	33	33	32	35	33	41	36	29	29	31
Remain unchanged (c)	10	8	10	11	10	7	7	8	5	10	10	8	10
Intermittant decline (d)	18	21	19	19	20	18	14	20	17	18	20	22	21
Continuous decline (e)	14	12	9	8	9	10	10	8	10	9	12	12	10
Mixed change (f)	7	7	7	10	6	10	8	9	7	8	9	10	11
DK,NA	4	4	3	3	3	3	3	3	2	3	3	4	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	651	652	656	656	658	658	655	658	665	653	659	651

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
 (b) Better/Same or Same/Better
 (c) Same/Same
 (d) Worse/Same or Same/Worse
 (e) Worse/Worse
 (f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS



CHART 15 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

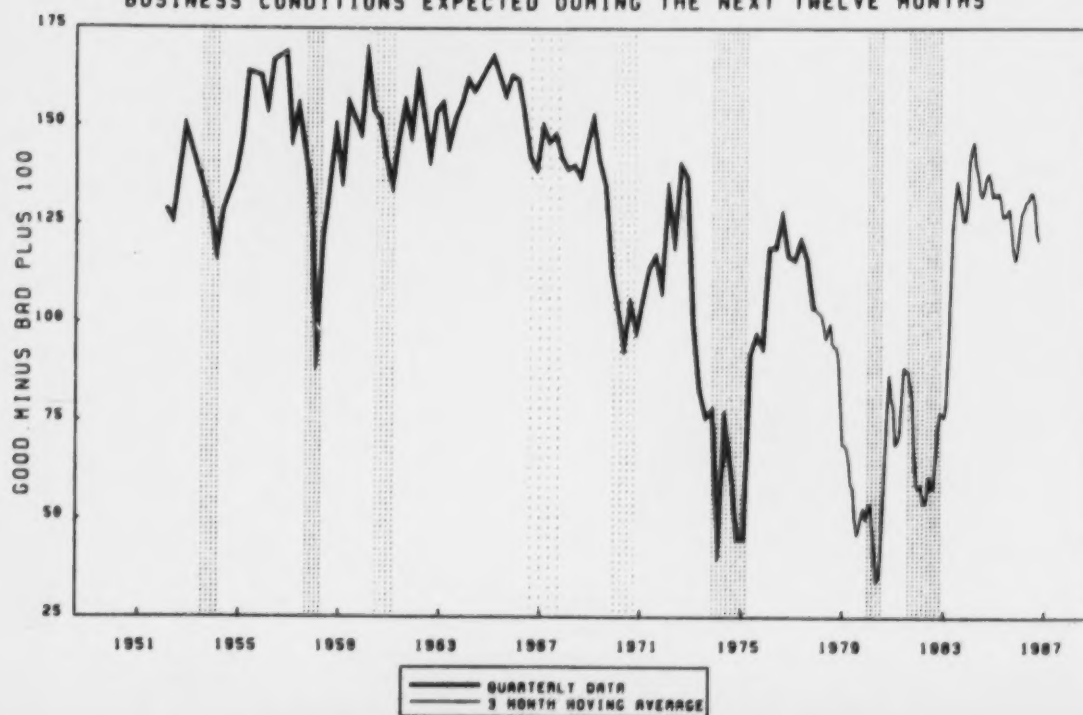


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986
GOOD TIMES	49%	53%	57%	58%	61%	58%	61%	60%	62%	61%	55%	50%	55%
UNCERTAIN; GOOD & BAD	3	4	4	3	2	3	2	2	2	3	4	3	3
BAD TIMES	38	33	30	32	29	29	28	29	26	30	32	35	31
DON'T KNOW	5	6	7	5	4	7	6	5	6	4	5	8	4
NOT ASCERTAINED	5	4	2	2	4	3	3	4	4	2	4	4	7
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	651	652	656	656	658	658	655	658	665	653	659	651

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS



CHART 16 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

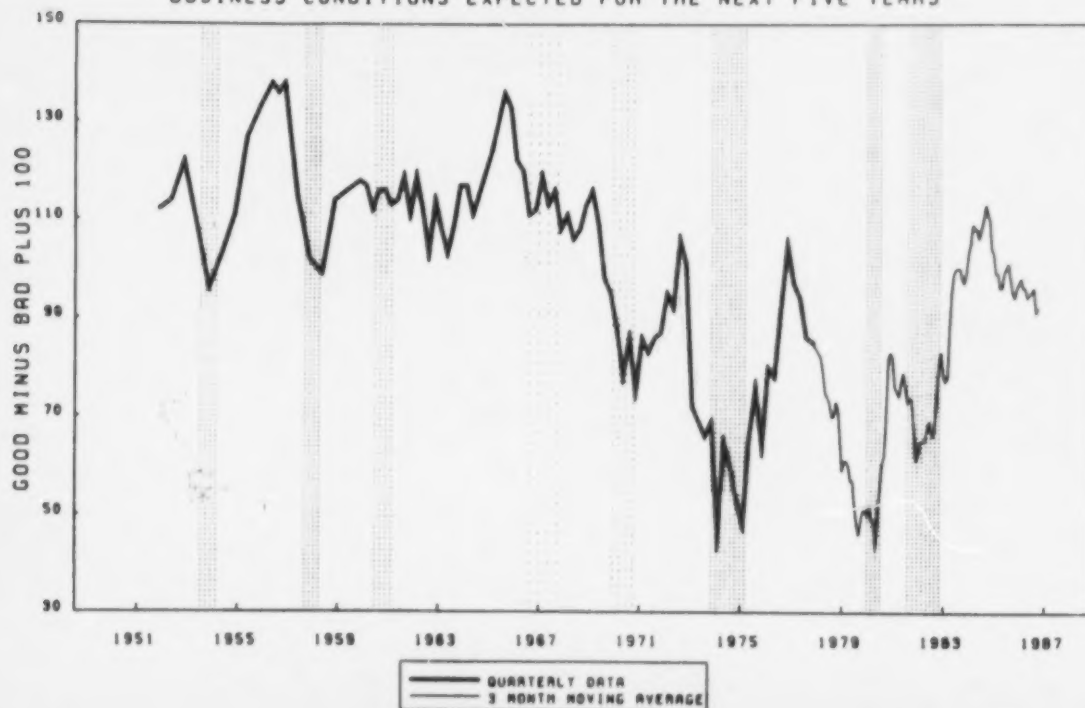


TABLE 16
BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986
GOOD TIMES	35%	38%	40%	39%	42%	39%	36%	37%	40%	38%	39%	33%	41%
UNCERTAIN; GOOD & BAD	15	14	17	12	11	13	18	14	14	13	10	11	13
BAD TIMES	45	42	37	46	44	43	42	45	40	44	45	49	42
NOT ASCERTAINED	5	6	6	3	3	5	4	4	6	5	6	7	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	651	652	656	656	658	658	655	658	665	653	659	651

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

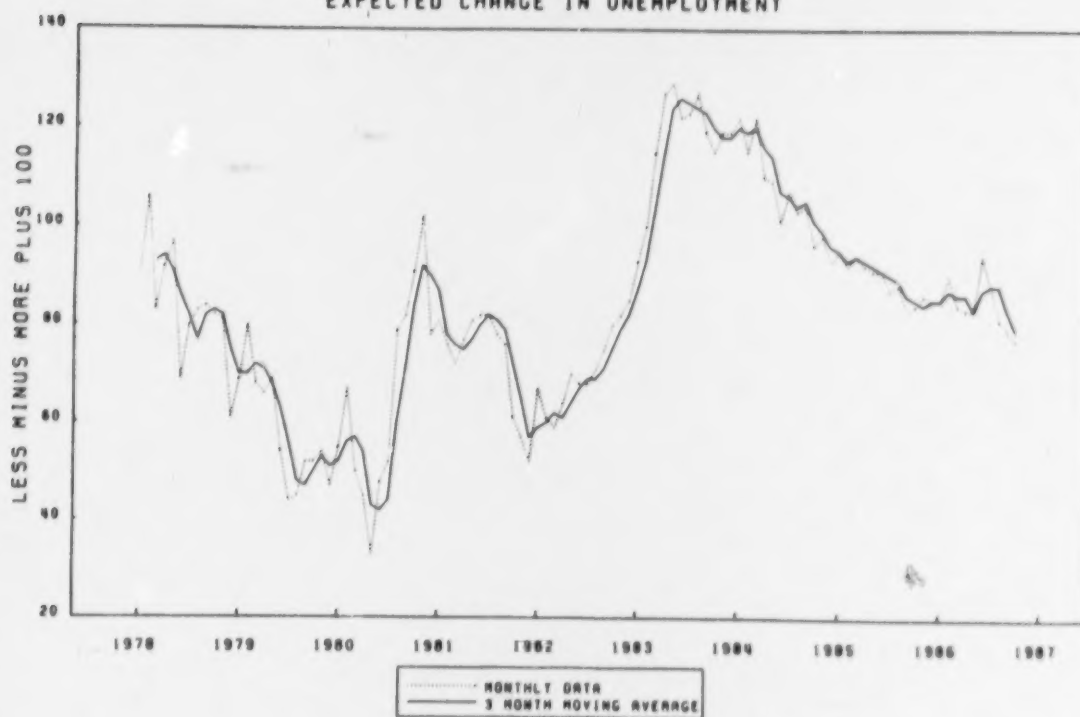


CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

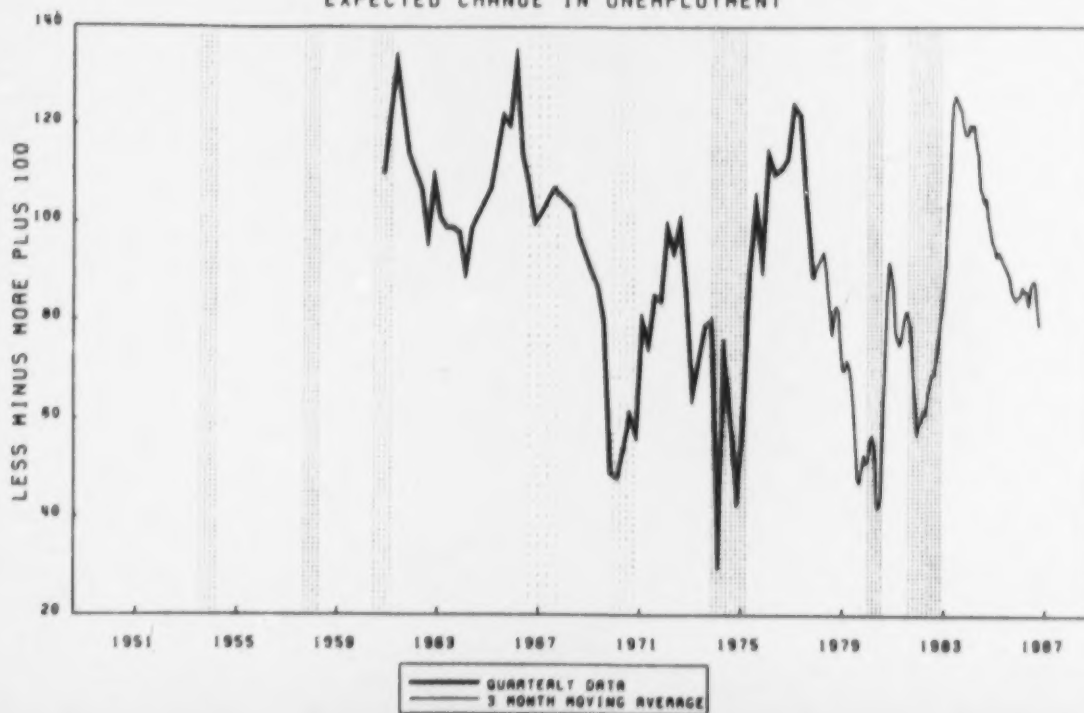


TABLE 17

EXPECTED CHANGE IN UNEMPLOYMENT

	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept. 1986	Oct. 1986
LESS	16%	15%	15%	15%	19%	17%	15%	14%	20%	15%	13%	11%	10%
SAME	51	54	54	54	51	48	51	54	53	56	54	54	55
MORE	32	29	30	30	29	33	32	31	26	27	32	32	33
DK,NA	1	2	1	1	1	2	2	1	1	2	1	3	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	651	652	656	656	658	658	655	658	665	653	659	651

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

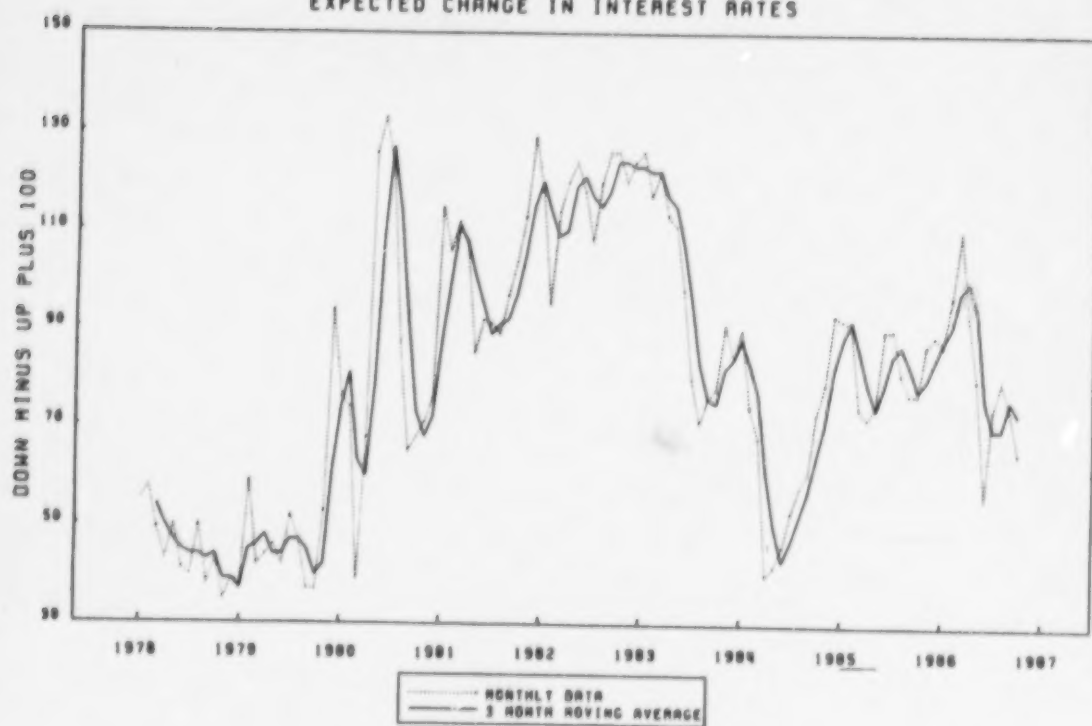


CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

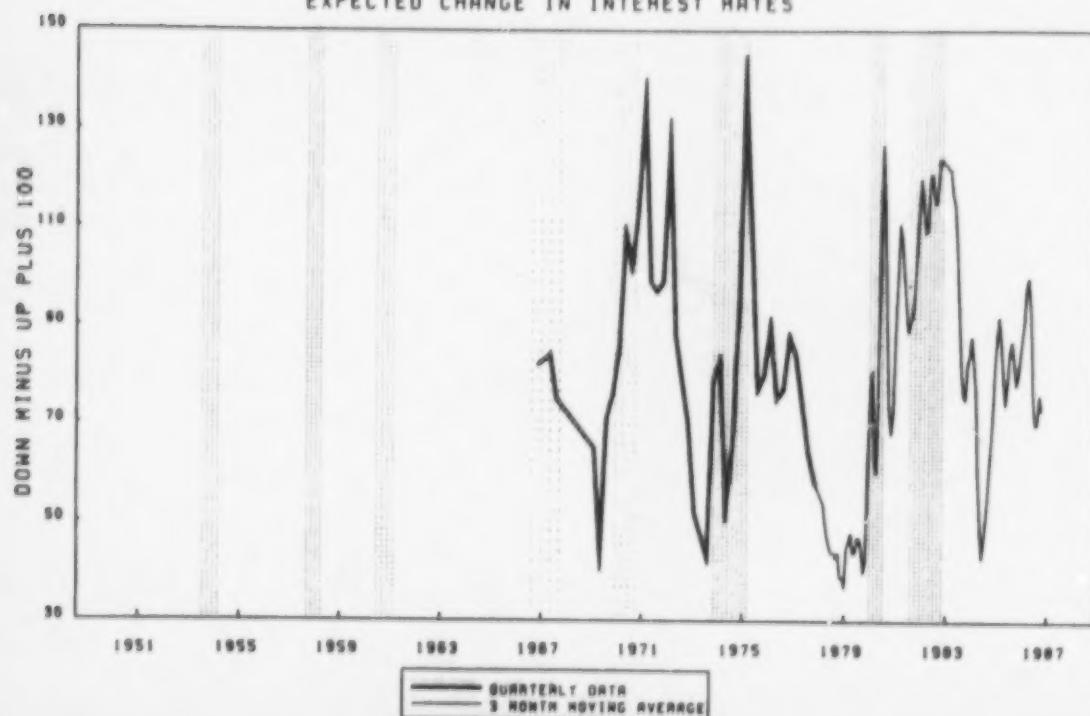


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986
GO UP	44%	36%	36%	38%	30%	26%	35%	41%	54%	45%	42%	49%	50%
STAY THE SAME	33	37	37	34	40	35	34	35	34	35	34	26	33
GO DOWN	21	23	25	25	27	36	28	21	10	19	22	23	15
DK,NA	2	4	2	3	3	3	3	3	2	1	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	651	652	656	656	658	658	655	658	665	653	659	651

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS



CHART 19 - HISTORICAL SERIES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

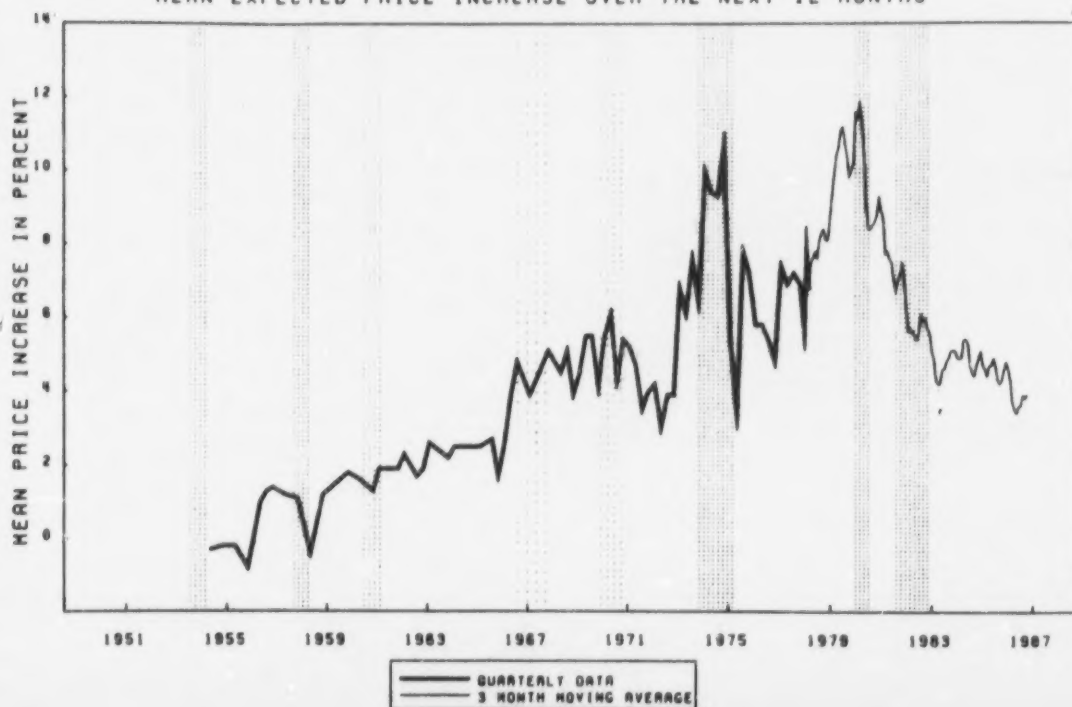


TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986
SAME OR DOWN	23%	25%	21%	24%	28%	36%	35%	31%	22%	29%	21%	23%	22%
WILL GO UP BY:													
1-2%	13	14	11	16	16	13	15	13	20	13	18	18	17
3-4%	21	20	22	24	19	16	18	22	20	23	24	23	19
5%	15	16	18	14	17	15	11	14	16	16	14	16	21
6-9%	6	6	6	6	6	4	5	5	6	5	7	5	5
10-14%	12	9	9	6	5	6	7	6	6	5	8	5	8
15% or more	5	5	7	5	3	3	4	3	4	4	4	3	2
DK how much up	4	3	5	4	4	6	4	4	5	4	4	6	5
DK,NA	1	2	1	1	2	1	1	2	1	1	*	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	4.8	4.5	5.0	4.2	3.7	3.2	3.6	3.4	3.8	3.7	4.3	3.5	3.8
VARIANCE	41	42	43	47	38	39	42	27	23	32	38	18	17
CASES	652	651	652	656	656	658	658	655	658	665	653	659	651

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 20 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

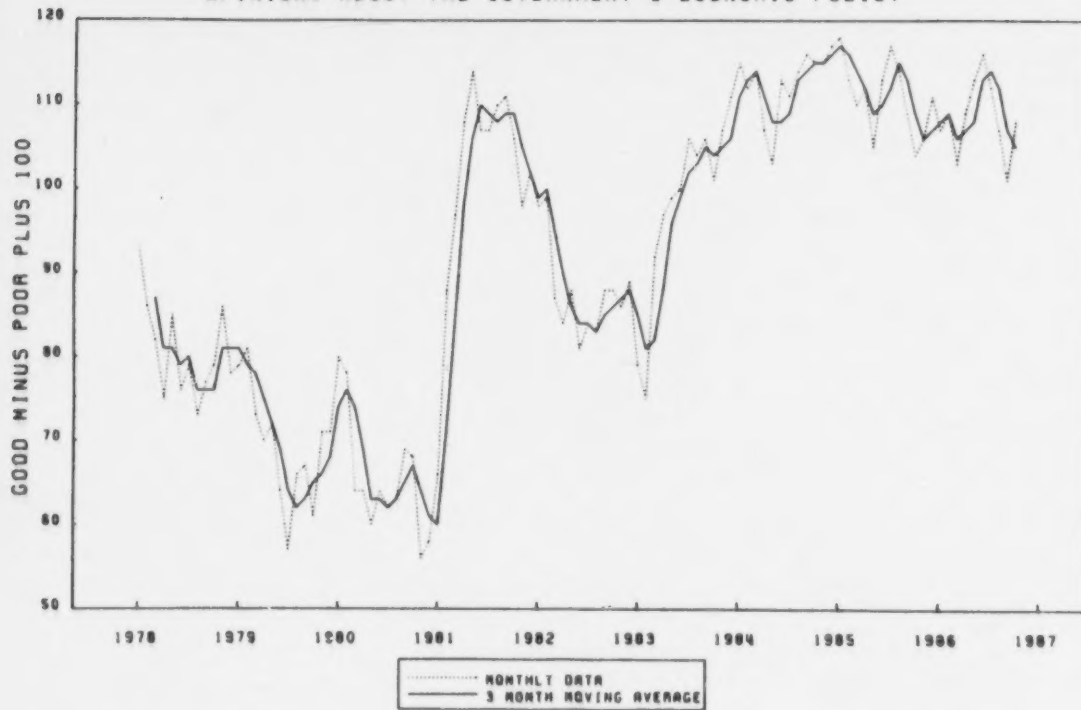


CHART 20 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

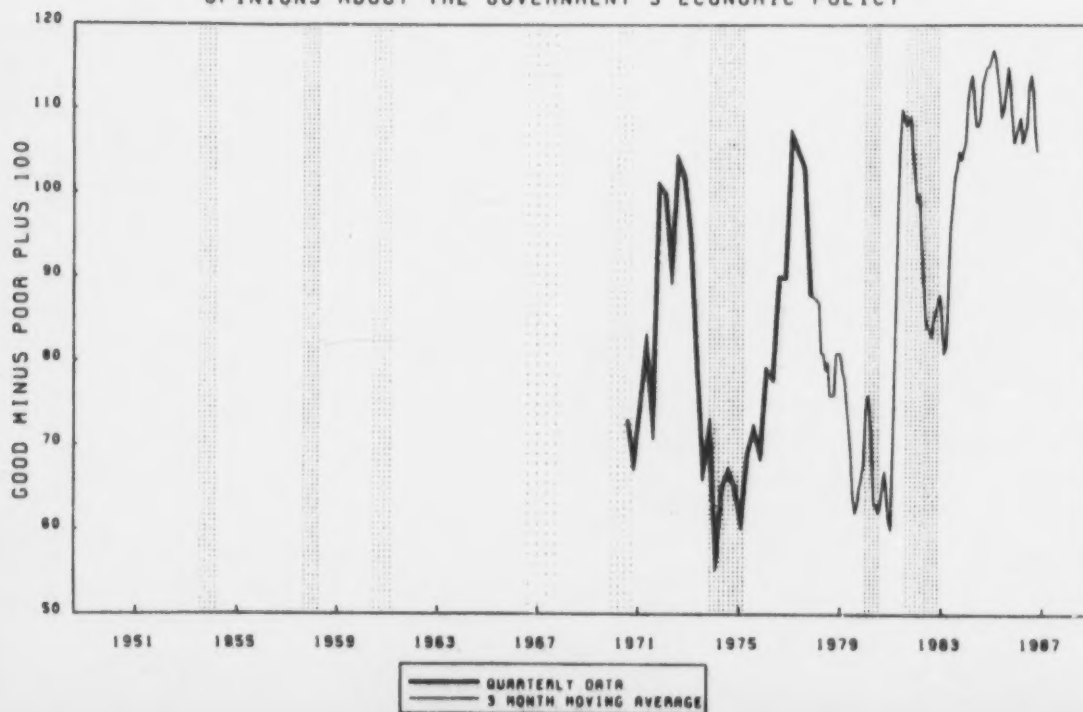


TABLE 20
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986
A GOOD JOB	25%	28%	28%	27%	29%	25%	29%	30%	33%	29%	28%	22%	27%
ONLY FAIR	50	48	53	52	48	51	50	49	49	52	50	54	52
A POOR JOB	21	22	17	20	20	22	20	17	17	17	21	21	19
DK,NA	4	2	2	1	3	2	1	4	1	2	1	3	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	651	652	656	656	658	658	655	658	665	653	659	651

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS



CHART 21 - HISTORICAL SERIES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

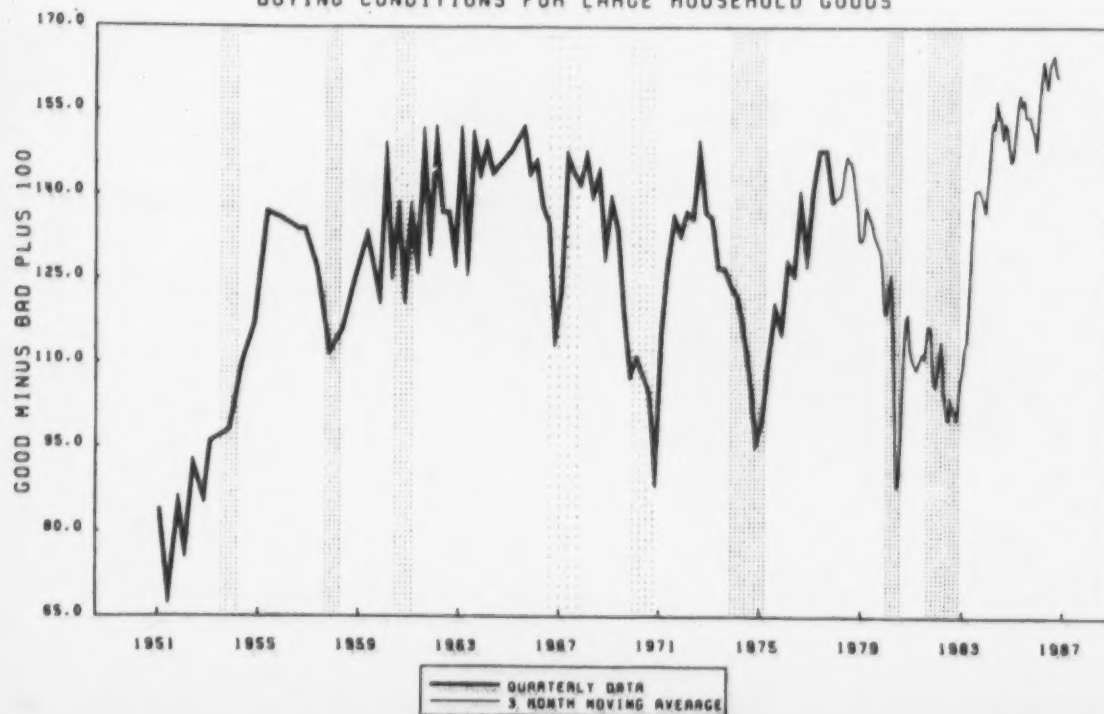


TABLE 21

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986
GOOD TIME TO BUY	69%	70%	69%	80%	78%	75%	75%	75%	81%	79%	77%	76%	76%
UNCERTAIN, DEPENDS	10	10	9	8	8	10	10	8	8	7	7	9	10
BAD TIME TO BUY	21	20	22	12	14	15	15	17	11	14	16	15	14
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	651	652	656	656	658	658	655	658	665	653	659	651

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

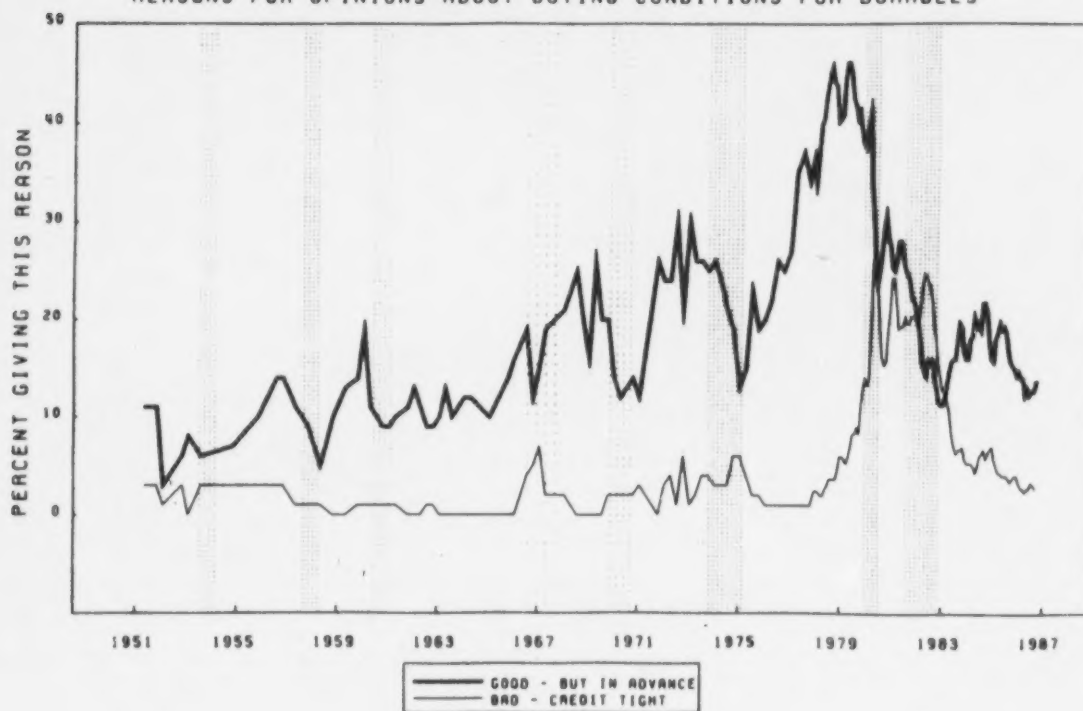


CHART 22B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

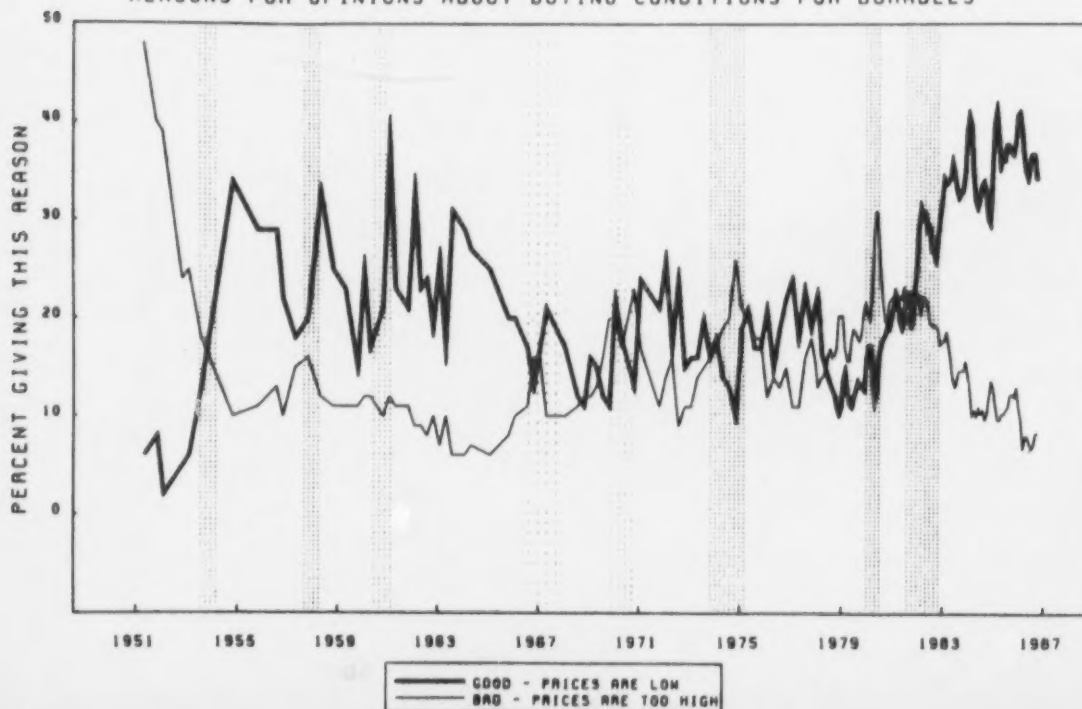


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	34%	37%	42%	43%	38%	37%	35%	33%	35%	40%	35%	35%	33%
Prices won't come down; are going higher	15	16	14	13	17	12	13	12	14	11	13	14	14
Interest rates low; credit is easy	15	12	12	18	20	21	29	31	31	26	26	29	26
BAD TIME TO BUY:													
Prices are high	11	11	17	5	7	8	9	7	6	7	8	10	7
Interest rates are high; credit is tight	3	5	4	3	3	2	3	2	3	3	4	2	2
Lack of purchasing power	8	7	5	6	6	8	7	9	5	6	7	8	7

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

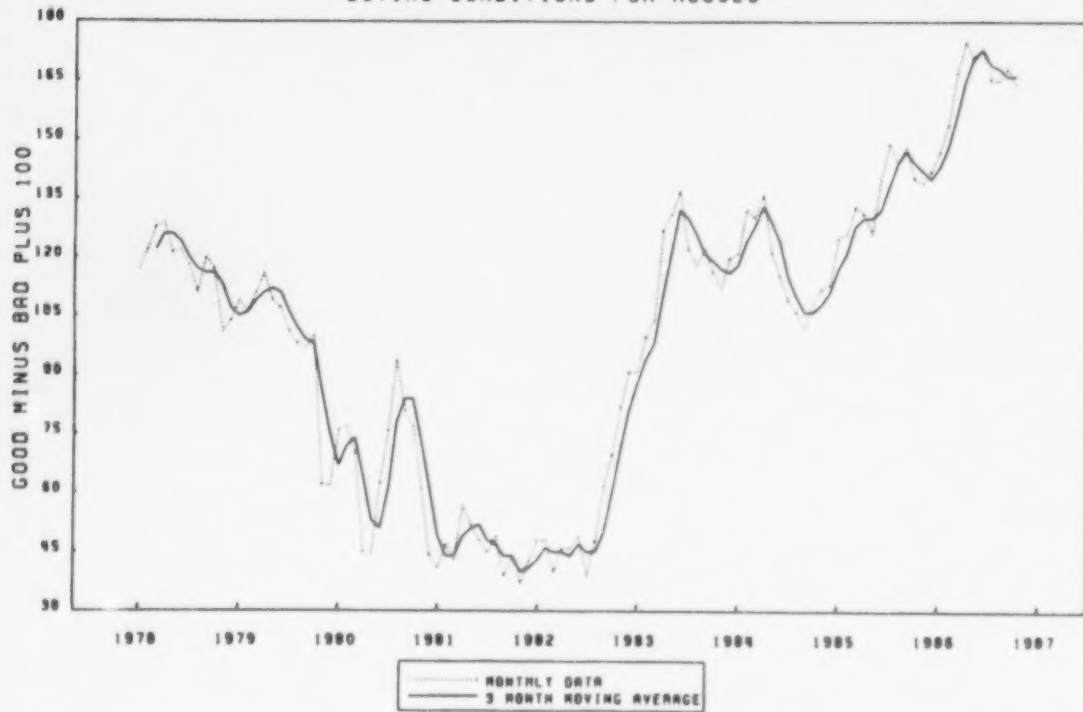


CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

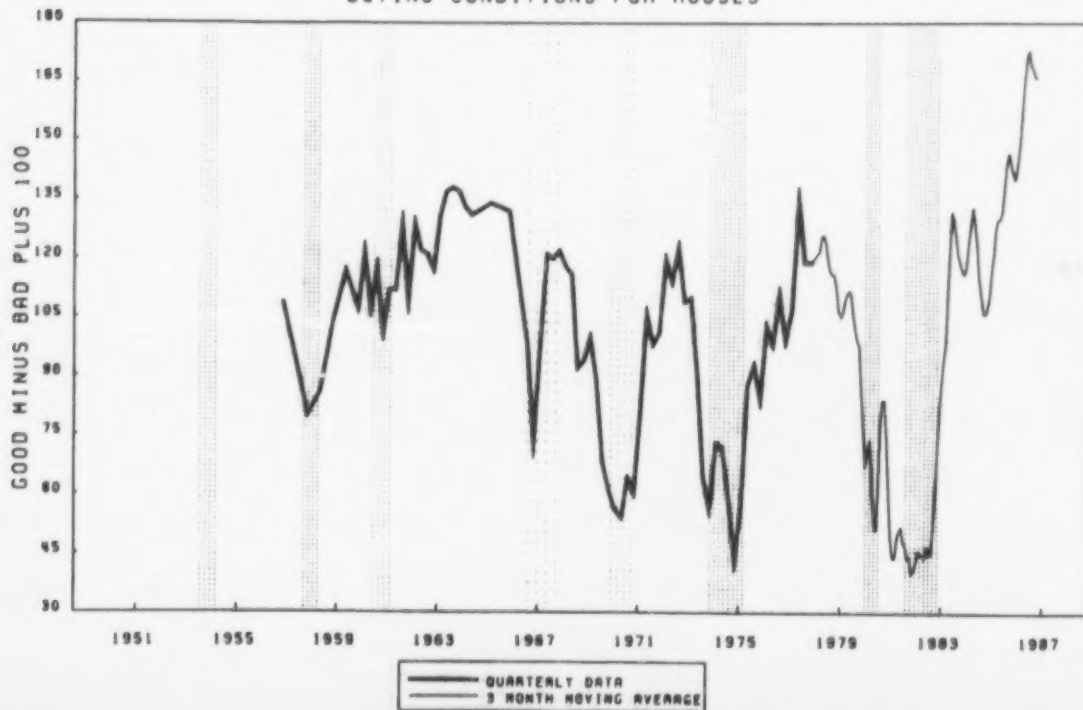


TABLE 23

BUYING CONDITIONS FOR HOUSES

	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986
GOOD TIME TO BUY	68%	67%	68%	72%	76%	82%	86%	83%	86%	82%	81%	83%	81%
UNCERTAIN, DEPENDS	4	5	6	3	2	3	3	4	1	1	3	2	2
BAD TIME TO BUY	28	28	26	25	22	15	11	13	13	17	16	15	17
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	651	652	656	656	658	658	655	658	665	653	659	651

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

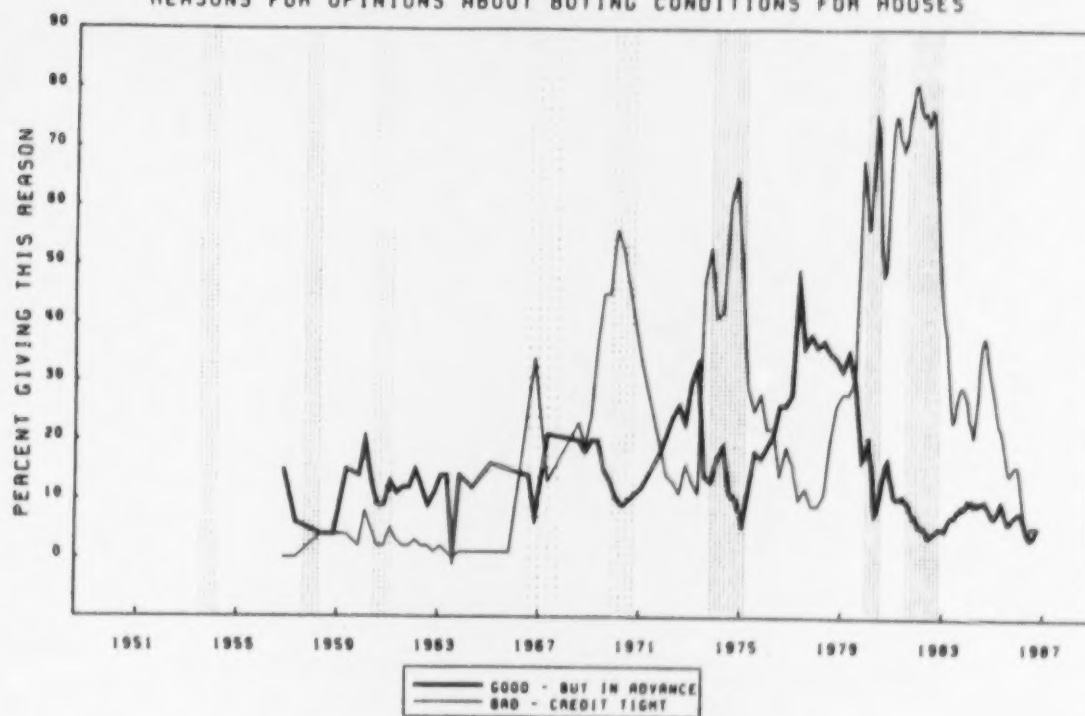


CHART 24B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

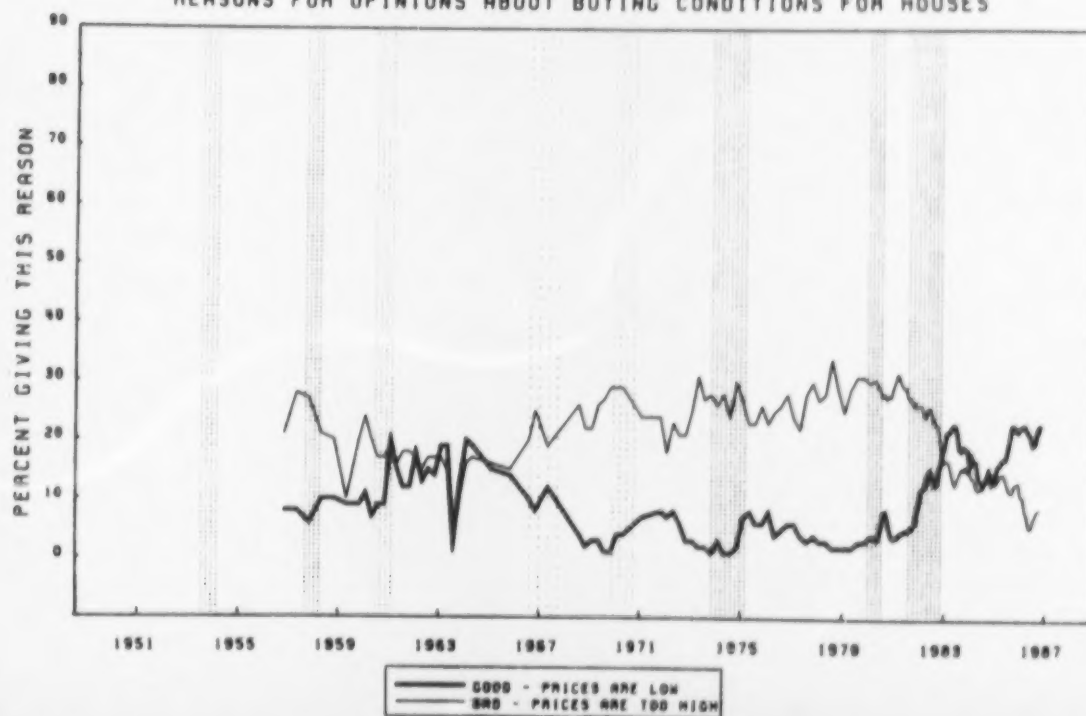


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	22%	21%	23%	24%	22%	23%	22%	20%	21%	18%	21%	26%	22%
Prices won't come down; are going higher	7	8	8	8	8	6	5	3	4	4	4	6	6
Interest rates low; credit is easy	55	52	53	60	64	76	83	80	83	77	78	79	75
Good investment	6	4	5	6	4	5	3	3	3	5	3	5	6
BAD TIME TO BUY:													
Prices are high	15	12	13	8	12	6	5	6	6	9	8	9	9
Interest rates are high; credit is tight	15	18	15	14	11	5	4	5	5	7	5	5	5
Lack of purchasing power	10	10	6	10	8	8	6	6	6	7	8	6	8

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

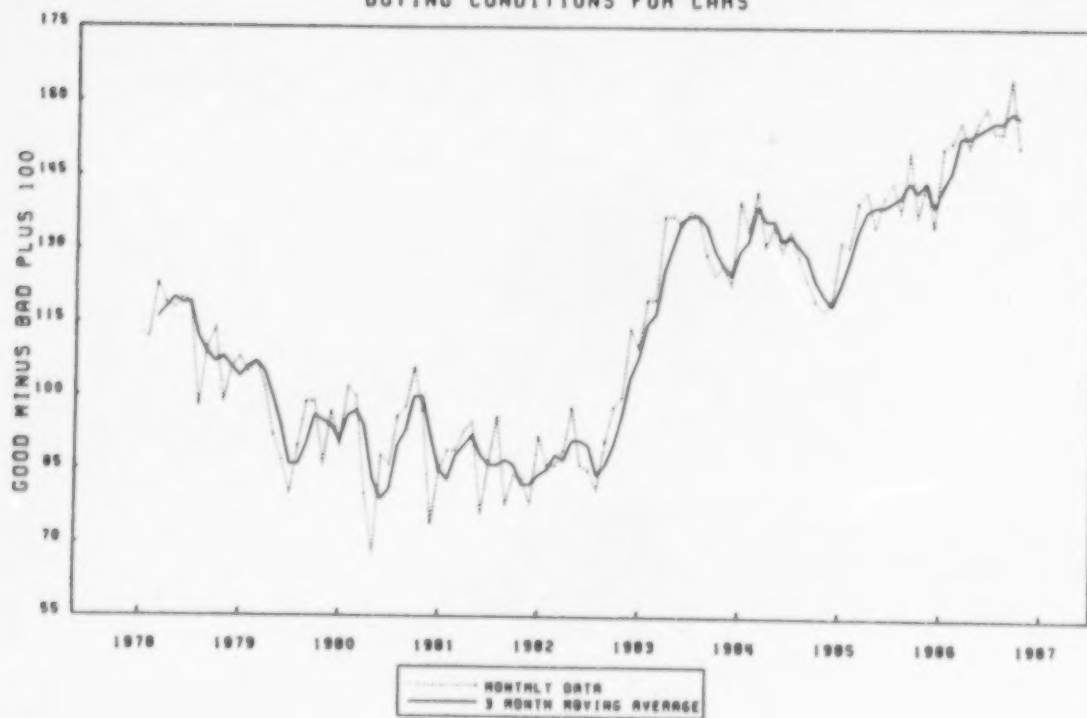


CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

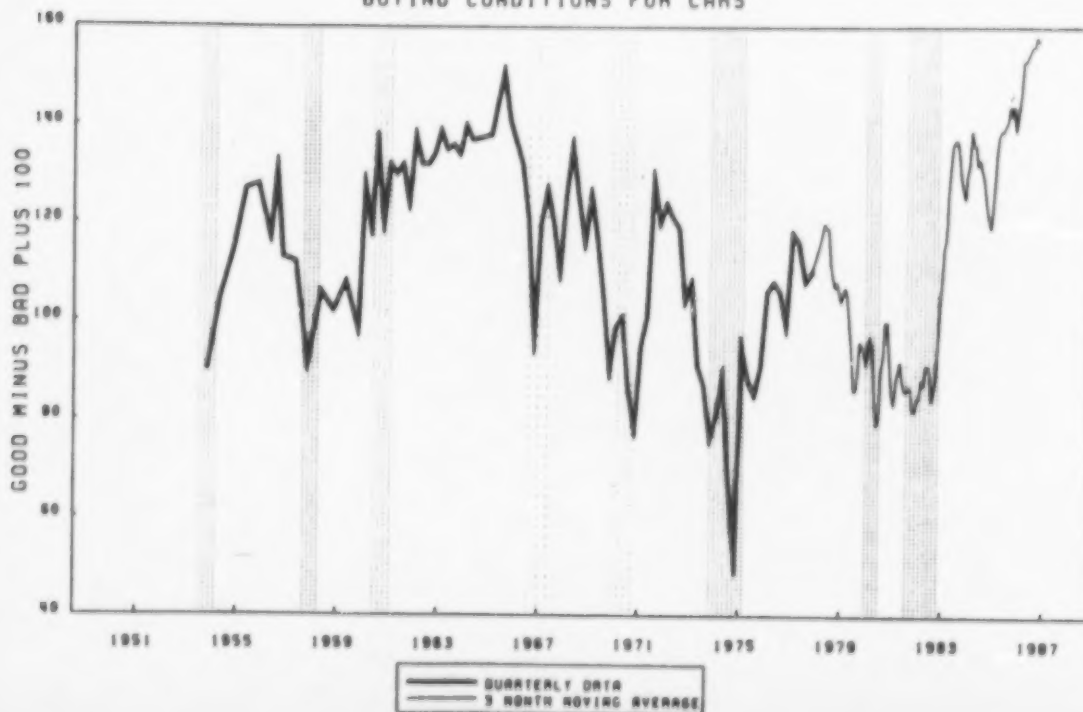


TABLE 25

BUYING CONDITIONS FOR CARS

	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986
GOOD TIME TO BUY	65%	68%	63%	71%	73%	74%	73%	75%	77%	74%	73%	81%	72%
UNCERTAIN; DEPENDS	7	8	9	9	6	8	5	6	5	6	8	3	7
BAD TIME TO BUY	28	24	28	20	21	18	22	19	18	20	19	16	21
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	651	652	656	656	658	658	655	658	665	653	659	651

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

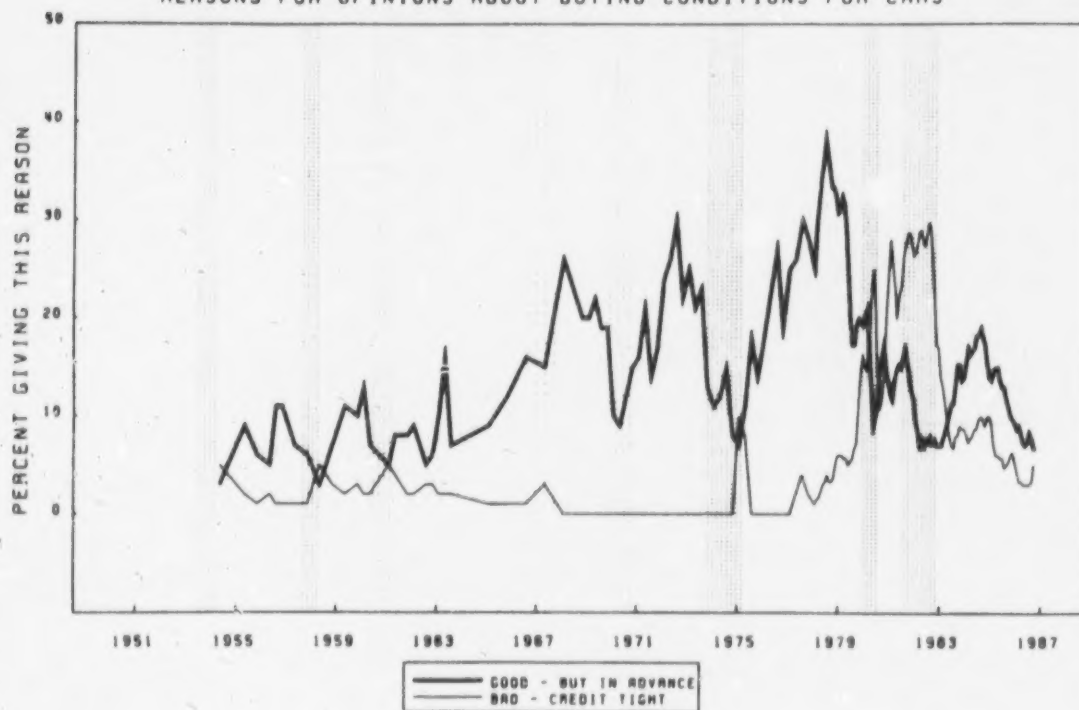


CHART 26B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

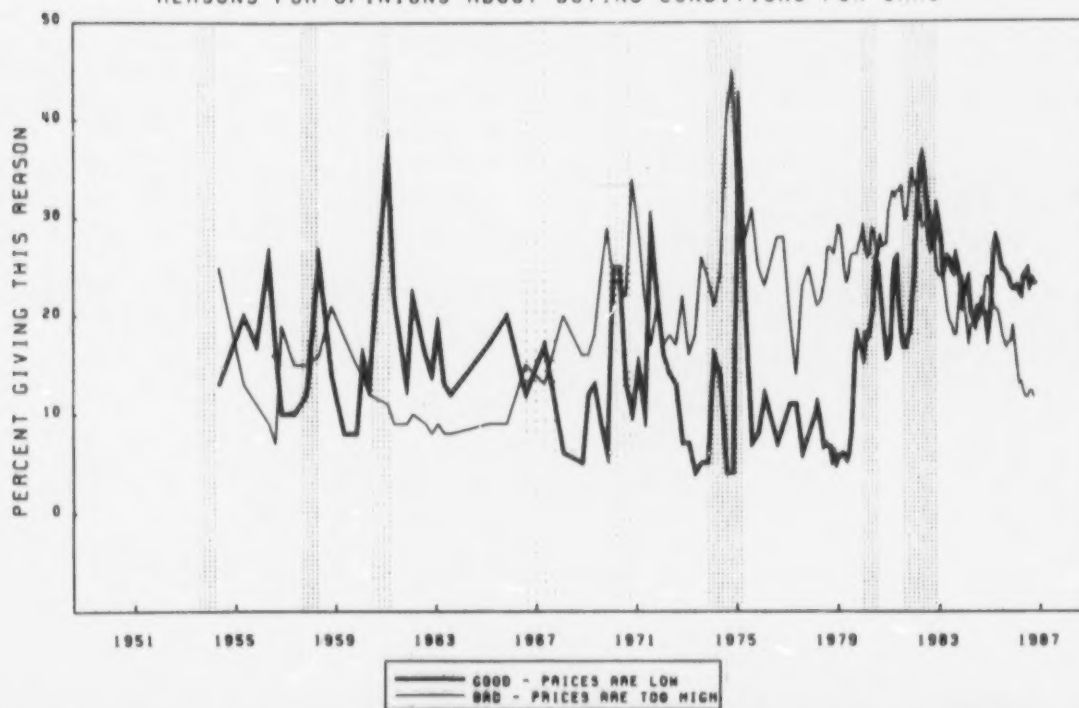


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	23%	21%	24%	23%	22%	22%	22%	28%	23%	23%	23%	25%	22%
Prices won't come down; are going higher	10	11	8	9	9	9	7	6	8	8	9	6	5
Interest rates low; credit is easy	41	40	37	51	53	54	54	58	62	53	52	73	58
New fuel efficient models	1	2	1	*	1	*	1	*	*	1	*	*	*
BAD TIME TO BUY:													
Prices are high	19	18	20	13	13	13	14	10	11	14	12	11	12
Interest rates are high; credit is tight	6	7	6	3	4	3	3	3	3	3	3	4	8
Lack of purchasing power	6	4	4	5	5	4	6	6	4	5	5	2	2
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	3	1	4	4	2	3	2	2	2	3	1	1	1

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

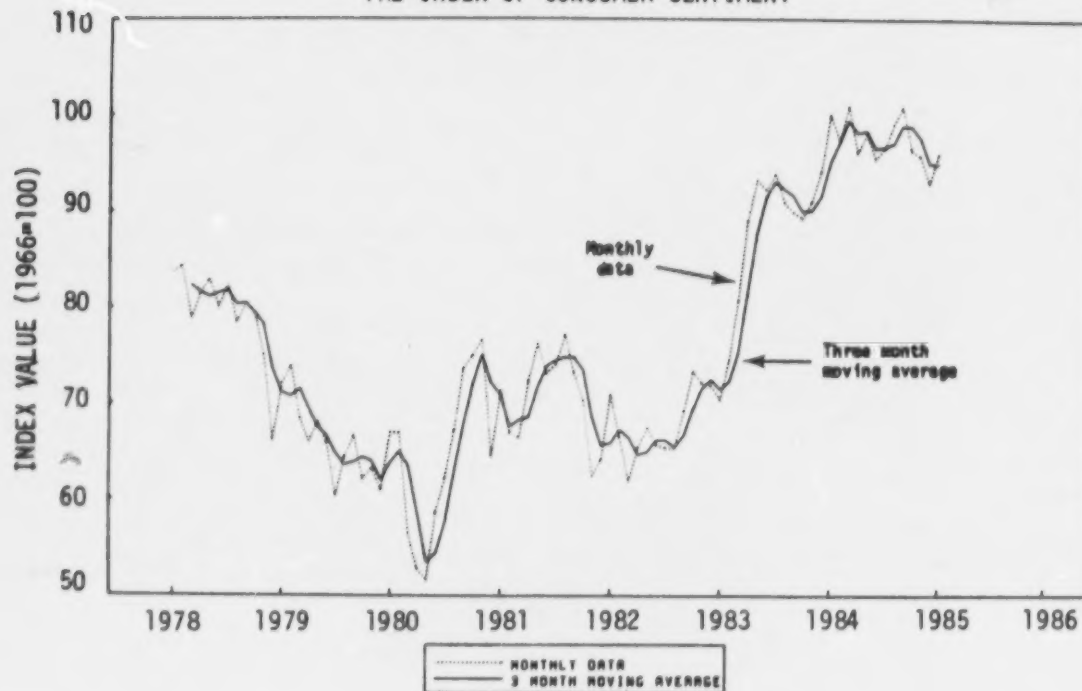
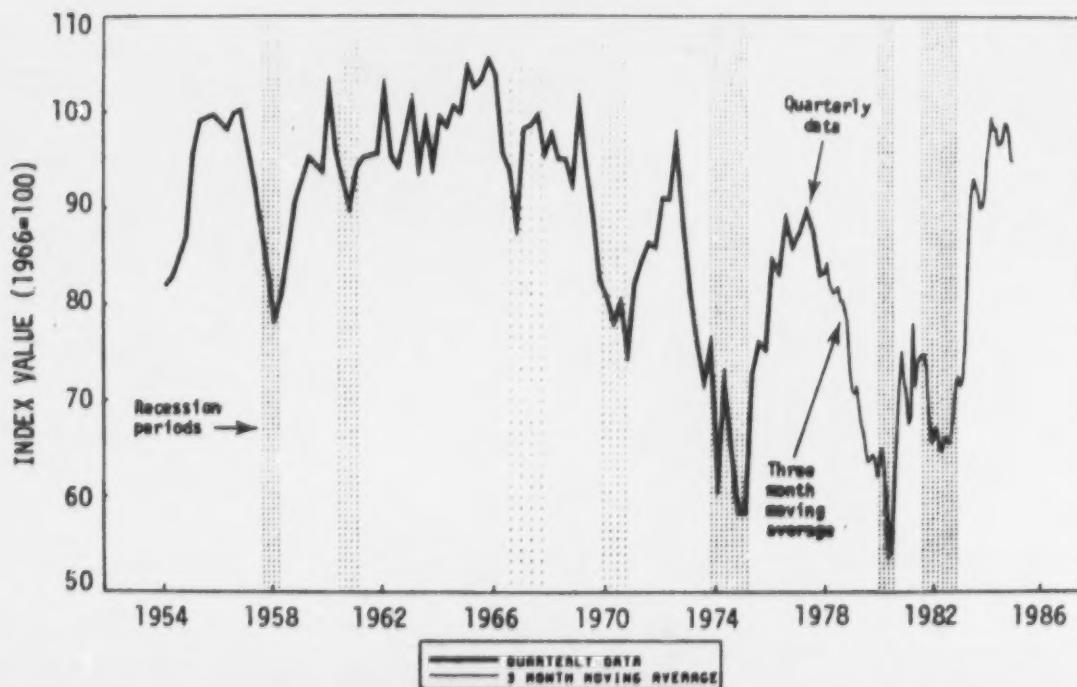


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.

MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.

THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES:	November 1948	-	October 1949
	July 1953	-	May 1954
	August 1957	-	April 1958
	April 1960	-	February 1961
	June 1966	-	November 1967*
	December 1969	-	November 1970
	November 1973	-	March 1975
	January 1980	-	July 1980
	July 1981	-	November 1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS^a OF SURVEY FINDINGS
(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	700 ^b	1,400 ^c	2,100 ^d
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

^aThe figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

^bAverage size of monthly surveys.

^cAverage size of two monthly surveys.

^dAverage size of three monthly surveys (one quarter).



Surveys of Consumer Attitudes



Richard T. Curtin, *Director*

CONSUMER CONFIDENCE MAINTAINED

- In the October 1986 survey, the Index of Consumer Sentiment was 95.6, up from 91.9 one month earlier, and 88.4 one year earlier. This improvement, however, is minor, as the October 1985 figure was the lowest monthly reading during the past three years. Overall, the October 1986 Index figure is just about equal to the average recorded during the past three years (95.1). The recent improvement was due to more favorable prospects for business conditions.
- Among families with incomes of \$30,000 or more, the Index rose to 102.3 in October 1986, from 99.5 one month earlier and 99.6 one year earlier.
- Just under half of all families in the October 1986 survey thought that the economy had improved during the past year (47 percent), and less than a quarter expected the economy to improve during the year ahead. Importantly, rather than expecting an emerging recession, the majority of consumers thought that during the year ahead the performance of the economy would remain essentially unchanged (59 percent). These prospects for an extended expansion, even if slow, have meant to consumers the continuation of good times financially in the economy as a whole, expected by 55 percent in October, up from 50 percent one month earlier.
- Attitudes toward buying conditions for vehicles, homes, and large household durables remained at very favorable levels in the October 1986 survey, although they have receded from the all-time peaks recorded earlier in 1986. The small declines in favorable buying attitudes have been due to less frequent references to interest rate discounts. The proportion holding favorable vehicle buying attitudes fell to 72 percent in October from the all-time peak of 81 percent one month earlier. Favorable home buying attitudes were held by 81 percent in October, down from a peak of 86 percent in April.
- The financial situation of American families remained favorable in the most recent survey. An improved financial situation was reported by 44 percent of all families in October. Thirty-seven percent of all families expected improvement in their financial situation during the year ahead, while 51 percent expected their situation to be neither better nor worse than at present. Very few consumers expected financial reversals during the year ahead (10 percent).
- The federal income tax reforms have only had a marginal impact on consumer attitudes and expectations. The majority of consumers in the October 1986 survey thought that the tax reforms would on balance leave their financial situation unchanged (61 percent). Financial gains were expected by 15 percent of all families, while losses due to the tax reforms were expected by 21 percent. Consumers more often expected the tax reforms to have an impact on business conditions than on their own personal finances, although the most common expectation was still that these reforms would have little net impact.

Buying Conditions

Vehicles. Favorable car buying attitudes declined somewhat in the October 1986 survey from the all-time peak recorded one month earlier, falling to 72 from 81 percent. The major reason for this decline has been the withdrawal of interest rate reductions. In the October 1986 survey, 55 percent of all families mentioned the current availability of reduced interest rates, down from the all-time record of 70 percent recorded in September (see Table A). Proportionately, this was a somewhat larger fall off than recorded from September to October of 1985, when mentions of reduced interest rates fell to 40 from 45 percent.

The appeal of interest rate discounts has been amply demonstrated in recent months. Sales of new cars and light trucks in the third quarter of 1986 reached a seasonally adjusted annual rate of 18.5 million units, the highest quarterly sales rate on record (see Table B). This selling rate was significantly higher than the prior peak of 17.0 million units recorded in the third quarter of 1985, which was also prompted by interest rate discounts. But like last year, when the discount programs end, sales can be expected to decline sharply. At annual rates, vehicle sales declined by 2 million units from the third to the fourth quarter of 1985. This decline in sales was countered by the introduction of new incentive programs by year end 1985. And the renewal of incentive programs can again be expected during the year ahead.

Each new round of incentive programs has been based on progressively lower interest rates—falling from over 12% to under 3% over the length of the current economic expansion. This progression toward lower interest rates has now been largely exhausted; although longer maturity loans at these lower interest rates could further stimulate sales. Even though these incentive programs have proved to be an expensive means to promote sales, consumer reactions are likely to insure their continued availability. Consumers have now come to expect sellers to offer discounts, and to time their purchases to their availability. The withdrawal of discount programs is now met with sharp declines in sales,

both because consumers have sped up purchases to take advantage of discounts, and because consumers are more willing to postpone purchases as they expect renewed discounting in the future.

Homes. Favorable home buying attitudes were held by 81 percent of all families in the October 1986 survey, down from 83 percent one month earlier, and the all-time peak of 86 percent first recorded six months earlier. The small recent decline has been due to a somewhat less favorable view of mortgage interest rates. In the October 1986 survey, 69 percent mentioned the availability of reduced mortgage interest rates, down from 74 percent one month earlier, and 78 percent six months earlier.

These very favorable home buying attitudes have been reflected in sales. Single family homes were purchased at an annual rate of 4.3 million units in the third quarter of 1986, up from 4.1 million units in the comparable period one year earlier (see Table B). Most of the improvement during the past year has been in purchases of existing homes, rather than those newly built. Although the current sales rate is well below the peak year of 1978—when 4.8 million homes were purchased—it represents the best performance thus far in the 1980's.

Durables. Buying conditions for large household durables were viewed favorably by 76 percent of all families in the October 1986 survey, unchanged from one month earlier, and somewhat below the all-time record of 81 percent recorded four months earlier. References to price and interest rate discounts continue to dominate these very favorable views. In the October 1986 survey, in total 59 percent mentioned either price or interest rate discounts, compared with just 9 percent that complained about high prices or interest rates.

Total consumption spending has risen significantly since the start of 1986. In the third quarter, total consumption spending increased by 7.2%, twice the quarterly growth rate recorded at the start of the year. Thus far in 1986, growth in spending has averaged 5.7%, substantially above the 1985 increase of 3.5% (see Table B). Because income has

not grown as fast as consumption, the rate of savings has fallen significantly. Thus far in 1986, the quarterly growth rate in personal disposable income has averaged 3.8%, compared with a 5.7% average growth rate in spending. As a result, the savings rate in the third quarter of 1986 reached the record low level of 2.9% (Table 1).

Business Conditions

Consumers reported only half as many favorable developments in the economy in the October 1986 survey compared with six months earlier—falling to 26 from 55 percent. Most of the fall involved fewer reports of declines in prices and interest rates. Six months ago, in the April 1986 survey, 61 percent of all families thought that the economy had improved during the prior year, which fell to 47 percent in August and has remained unchanged at that level through the October 1986 survey.

Most families expected the performance of the national economy to remain unchanged during the year ahead (59 percent). Fewer consumers expected either improvement (21 percent) or deterioration (18 percent) during the year ahead. Just over half of all families in the October 1986 survey thought that the national unemployment rate would remain largely unchanged during the year ahead at about its current level (55 percent). Only 10 percent of all families in the October survey expected declines in the unemployment rate during the year ahead, the lowest level recorded in more than three years. In comparison, 33 percent of families in the October survey expected an increasing unemployment rate during the year ahead.

Although only 21 percent expected the economy to improve, more than twice that many expected good times financially in the country as a whole. In the October 1986 survey, 55 percent expected good economic times during the next twelve months, up from 50 percent one month earlier and 49 percent one year earlier. Consumers thought that prospects over the longer term had also improved, as 41 percent expected good times during the next five years in October, up from 33 percent in September.

Personal Finances

An improved financial situation was reported by 44 percent of all families in the October 1986 survey, down from the cyclical peak of 49 percent recorded three months earlier, but still above the 39 percent recorded one year earlier. During the past three months, mentions of income increases have fallen (39 to 32 percent), but remained just above the year earlier level (31 percent). Complaints about eroding living standards due to inflation fell to just 9 percent in October, unchanged from three months earlier, and the lowest level since the mid 1960s. From the start of 1986 to the end of June, the net change in the CPI was nearly zero, and through the first nine months of 1986, price increases have remained under 1%. This virtual absence of inflation has had an important impact on the personal financial situation of families.

In the October 1986 survey, 37 percent of all families expected their personal financial situation to improve during the year ahead, up from 33 percent in October 1985. This small improvement was reflected in the proportion of families that expected income increases, rising from 56 to 61 percent during the past year. Half of all families, however, expected their financial situation to remain unchanged during the year ahead (51 percent). Few families expected their financial situation to worsen during the year ahead—just 10 percent in the October 1986 survey, unchanged from one year earlier.

Tax Reform

In the October 1986 survey, consumers were asked about the impact they expected the federal income tax reforms to have on their own personal financial situation and on business conditions in general. When asked about the impact on their own finances, 61 percent of all families thought that the federal tax reforms would leave their financial situation largely unchanged. Among the balance of families, however, a slightly larger proportion expected to be worse off rather than better off financially—21 versus 15 percent (see Table C). Opinions concerning the impact of tax reform on overall business conditions, in comparison, were more diverse; fewer consumers expected the tax reforms to leave

overall business conditions unchanged (43 percent), and more families expected either favorable or unfavorable effects. But like personal finances, the balance of opinion tilted toward unfavorable expectations, by the margin of 28 versus 18 percent.

Interestingly, very few consumers thought that the tax reform would have a favorable impact on both personal and business conditions (5 percent); twice as many expected an unfavorable impact in both areas (12 percent). Overall, 33 percent of all consumers thought that the tax reform would leave both their own finances and overall business conditions unchanged.

Consumers were also asked what impact the tax reforms would have on their current spending plans. Among all families, 10 percent reported that they both itemized their tax deductions and would speed up their purchases to take advantage of deductions that would be lost. Most of the purchases that would be accelerated were vehicles—reported by 6 percent of all families. An additional 2 percent reported plans to move up purchases of major household durables.

While it is true that families that expected the tax reform to improve economic conditions also gave more favorable responses across a wide array of attitudes and expectations, more families expected unfavorable impacts, and their attitudes and expectations were correspondingly lower than average. Overall, the tax reform has only had a limited impact on consumers, since the most common assessment has been that these reforms would not make much difference on balance.

Summary Outlook

Price and interest rate reductions have been responsible for the current extended period of consumer confidence. The response of consumers to the recent interest rate discounts on new vehicle purchases not only attests to their continued willingness to make major purchases, but also to their willingness to commit future income to the repayment of debt. This sense of confidence, however, is limited to the maintenance of the status quo, rather than the expectation of better times to come. Few consumers expect the economic

situation to improve during the year ahead, either for themselves or for the country as a whole. Neither do they expect the economic situation to worsen. Most consumers expect an unchanged overall economic situation during the year ahead. And given the length of the current expansion, most consumers have judged this to mean the continuation of good times financially.

Given these prospects, and the record debt levels needed to finance the surge in third quarter sales, consumers will be more cautious in their spending plans, but without an overall retrenchment. With debt burdened family budgets, judgements about the affordability of purchases will increasingly focus attention on the availability and size of discounts on prices and interest rates. And consumers willingness to time their purchases according to the available discounts will continue to shape aggregate trends. Consumers now expect both the repeated use of discounts by sellers to stimulate sluggish sales, and an economic environment where such slowdowns in sales can be expected.

• • •

The October 1986 survey included 651 completed interviews, conducted between October 1 and October 30, 1986.

TABLE A
REFERENCES TO INTEREST RATES IN SUPPORT
OF FAVORABLE BUYING CONDITIONS

Survey Date	Durables		Houses ^a		Vehicles	
	Low Rates	BIA ^b Rates	Low Rates	BIA Rates	Low Rates	BIA Rates
January 1984	8%	1%	33%	8%	20%	3%
February 1984	9	2	38	12	19	3
March 1984	8	2	36	13	19	3
April 1984	8	6	29	23	15	7
May 1984	7	4	24	20	14	4
June 1984	7	4	21	17	12	6
July 1984	5	5	21	16	16	8
August 1984	6	2	22	13	12	5
September 1984	6	2	22	12	11	4
October 1984	7	4	24	11	10	4
November 1984	8	3	33	11	15	3
December 1984	8	2	32	6	12	3
January 1985	10	1	42	7	21	2
February 1985	9	2	42	8	23	1
March 1985	8	2	38	10	21	2
April 1985	10	3	34	13	22	3
May 1985	9	2	35	8	25	3
June 1985	11	2	50	6	32	3
July 1985	13	1	51	6	33	2
August 1985	15	*	54	4	35	1
September 1985	14	1	51	5	45	1
October 1985	14	1	48	7	40	1
November 1985	10	2	45	7	38	2
December 1985	11	1	47	6	35	2
January 1986	17	1	55	5	50	1
February 1986	18	2	60	4	51	2
March 1986	21	1	73	4	52	2
April 1986	27	2	78	5	52	2
May 1986	30	1	76	4	57	1
June 1986	30	1	78	5	59	3
July 1986	25	1	70	7	52	1
August 1986	25	1	73	5	51	1
September 1986	29	*	74	5	70	3
October 1986	24	2	69	6	55	3

* Less than 0.5 percent. ^a Also includes homes, home repairs and real estate.

^b The proportions given above provide greater detail than is reported in the monthly tables (see Tables 22, 24 and 26). The figures above divide the total proportion of respondents that made favorable references to credit conditions into those respondents that referred to the current availability of low interest rates, and those that referred to borrowing-in-advance (BIA) of rising interest rates.

TABLE B
TRENDS IN PERSONAL CONSUMPTION, INCOME, AND SAVING

Year	Vehicles ^a			Homes ^a			Change in ^b		Savings Rate
	Cars	Trucks	Total	New	Existing	Total	Consumption	Disposable Income	
1971	10.2	1.8	12.0	0.7	2.0	2.7	3.1%	3.6%	8.5%
1972	10.9	2.2	13.1	0.7	2.3	3.0	5.4	4.0	7.3
1973	11.4	2.7	14.1	0.6	2.4	3.0	4.2	6.6	9.4
1974	8.8	2.3	11.1	0.5	2.3	2.8	-0.9	-1.0	9.3
1975	8.5	2.2	10.7	0.5	2.5	3.0	2.3	1.9	9.2
1976	10.0	2.9	12.9	0.7	3.0	3.7	5.4	3.6	7.7
1977	11.1	3.3	14.4	0.8	3.7	4.5	4.4	3.3	6.6
1978	11.2	3.7	14.9	0.8	4.0	4.8	4.1	4.9	7.1
1979	10.6	3.1	13.7	0.7	3.8	4.5	2.2	2.1	6.8
1980	9.0	2.2	11.2	0.5	3.0	3.5	-0.2	0.1	7.1
1981	8.5	2.1	10.6	0.5	2.4	2.9	1.2	1.6	7.5
1982	8.0	2.4	10.4	0.4	2.0	2.4	1.3	0.6	6.8
1983	9.2	2.9	12.1	0.6	2.7	3.3	4.7	3.1	5.4
1984	10.4	3.8	14.2	0.6	2.9	3.5	4.7	6.0	6.3
1985	11.0	4.4	15.4	0.7	3.2	3.9	3.5	2.3	5.1
1986:1	10.7	4.1	14.8	0.8	3.3	4.1	3.6	6.5	5.0
1986:2	11.2	4.6	15.8	0.8	3.5	4.3	6.2	7.1	5.0
1986:3	13.2	5.3	18.5	0.7	3.6	4.3	7.2	-2.2	2.9

^aMillions of units sold. Quarterly figures at annual rates.

^bPercentage changes, 1982 dollars.

TABLE C

**EXPECTED IMPACT OF FEDERAL TAX REFORM
ON PERSONAL FINANCES AND BUSINESS CONDITIONS**

	Business Conditions	Personal Finances
Better	18%	15%
Same	43	61
Worse	28	21
DK	10	3
NA	<u>1</u>	<u>*</u>
Total	100%	100%
Cases	651	651

The questions were: "The federal income tax reform law will reduce deductions and lower tax rates for most people. During the next year or so, do you think that business conditions in the country as a whole will be better or worse with these changes in the tax laws, or won't these changes make much difference to business conditions?" and "During the next year or so, do you think that you (and your family living there) will be better or worse off financially with these changes in the federal tax laws, or won't these changes make much difference to your financial situation?"

12/11/86 U7475-2 A

SURVEYS OF CONSUMER ATTITUDES



Institute for Social Research

T A B L E S A N D C H A R T S

NOVEMBER 1986

The November 1986 survey is the 220th in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

Two charts highlight recent changes and historical patterns for most questions. Recent change charts include quarterly data before 1978 and monthly data starting in January of 1978. Historical series charts show quarterly data before 1978 and 3 month moving averages since then. See the explanatory charts at the end of this book for a detailed description.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

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CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT



CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

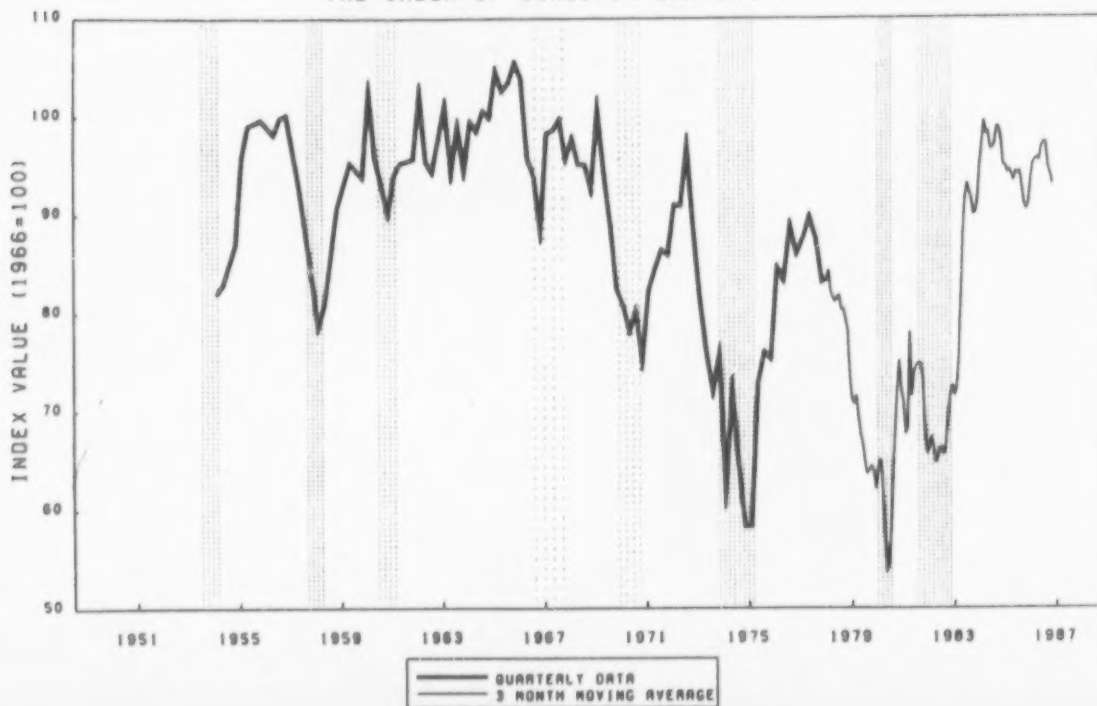


TABLE 1
THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	All families	Families with incomes over \$30,000	Families with incomes over \$40,000
November 1983	91.1	100.3	
December 1983	94.2	105.4	
January 1984	100.1	115.6	
February 1984	97.4	114.3	
March 1984	101.0	117.8	
April 1984	96.1	107.0	
May 1984	98.1	107.8	
June 1984	95.5	105.5	
July 1984	96.6	102.7	
August 1984	99.1	113.3	
September 1984	100.9	110.8	
October 1984	96.3	113.5	
November 1984	95.7	112.9	
December 1984	92.9	101.5	
January 1985	96.0	110.2	112.1
February 1985	93.7	113.8	113.8
March 1985	93.7	110.8	114.4
April 1985	94.6	108.9	114.9
May 1985	91.8	105.3	107.7
June 1985	96.5	107.4	110.3
July 1985	94.0	105.2	109.5
August 1985	92.4	106.7	110.2
September 1985	92.1	101.7	104.9
October 1985	88.4	99.6	107.4
November 1985	90.9	100.8	100.3
December 1985	93.9	106.0	108.3
January 1986	95.6	109.7	110.1
February 1986	95.9	107.8	109.0
March 1986	95.1	102.9	110.2
April 1986	96.2	106.9	111.0
May 1986	94.8	105.5	109.9
June 1986	99.3	110.6	112.4
July 1986	97.7	109.6	108.5
August 1986	94.9	105.0	106.6
September 1986	91.9	99.5	102.1
October 1986	95.6	102.8	105.5
November 1986	91.4	97.5	98.7

CHART 2A - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

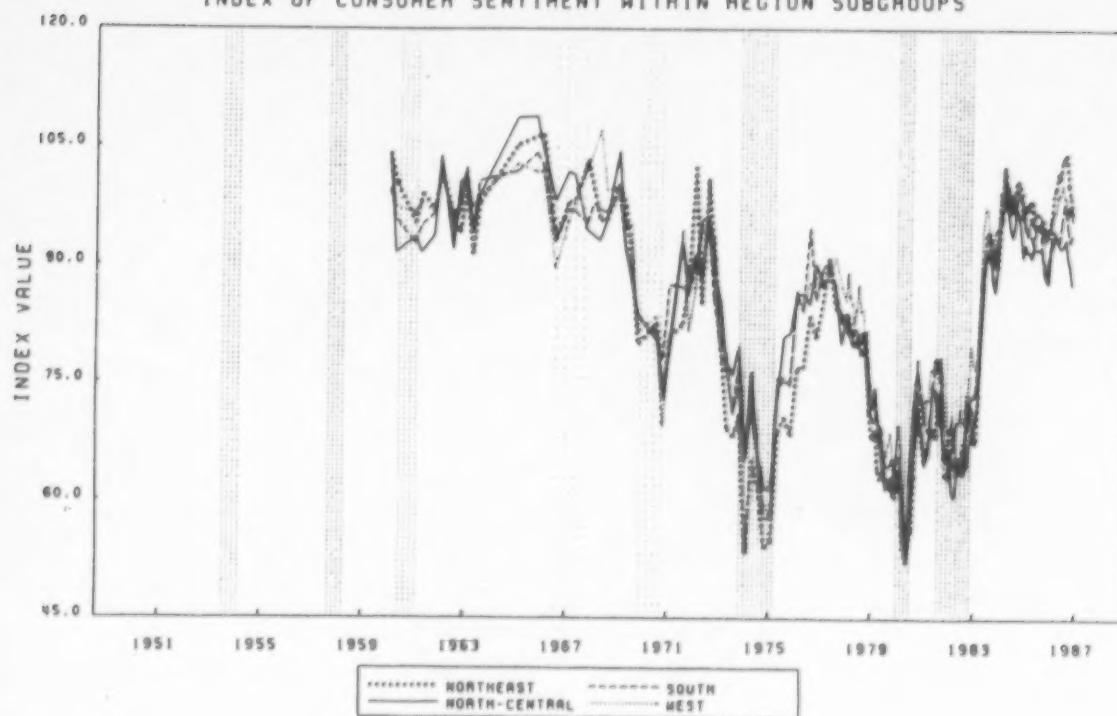


CHART 2B - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

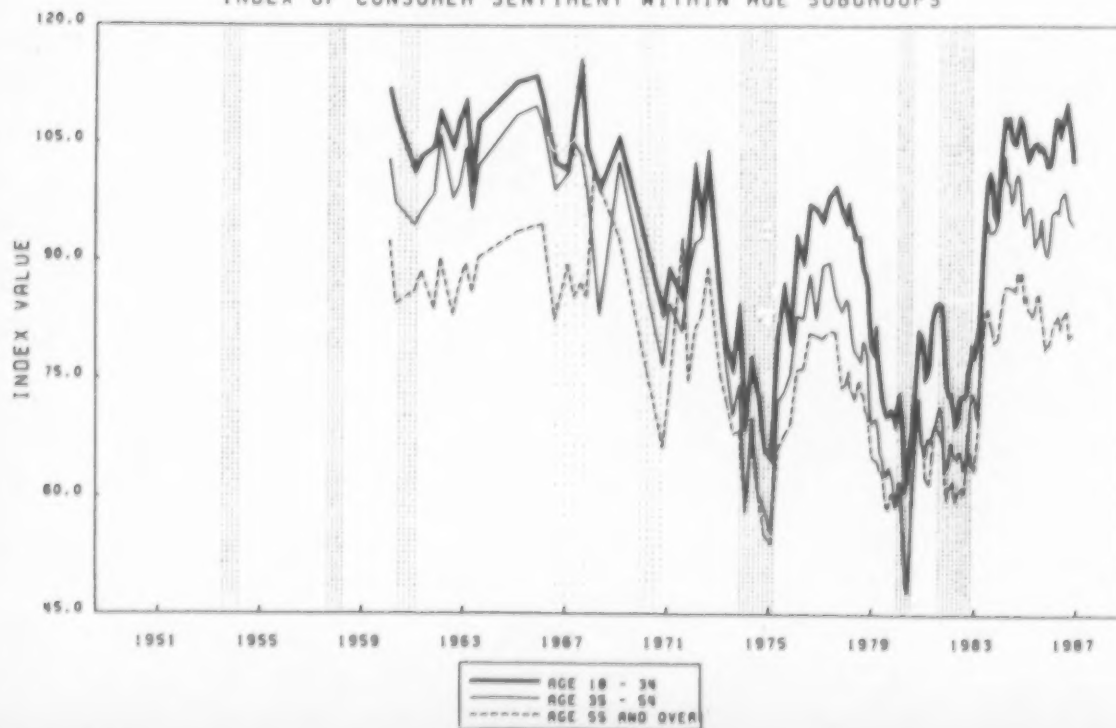


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY	CENSUS REGION				AGE OF RESPONDENT		
	North East	North Central	South	West	18-34	35-54	55+
November 1983	87.7	88.3	91.5	98.5	97.2	94.6	80.7
December 1983	91.4	96.2	95.2	92.2	102.3	97.5	81.8
January 1984	100.7	96.8	97.5	107.5	107.9	106.0	87.4
February 1984	102.3	98.4	93.5	97.1	106.2	98.9	86.5
March 1984	104.8	98.5	102.1	97.5	109.9	105.2	86.6
April 1984	92.8	96.1	96.5	100.5	107.2	95.4	86.0
May 1984	98.8	96.3	96.5	103.9	107.5	98.8	86.6
June 1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July 1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August 1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September 1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October 1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November 1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December 1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January 1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February 1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March 1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April 1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May 1985	88.8	94.0	91.9	91.3	103.2	87.9	84.6
June 1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July 1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August 1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September 1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October 1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November 1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December 1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January 1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8
February 1986	103.4	92.7	93.2	98.0	109.7	94.1	83.8
March 1986	99.1	94.9	91.3	98.9	109.1	96.0	82.0
April 1986	102.7	92.3	94.4	99.5	104.8	97.8	83.6
May 1986	101.2	90.1	93.5	98.8	104.9	99.9	78.3
June 1986	106.2	94.1	98.5	102.7	112.7	97.9	86.6
July 1986	103.9	93.4	101.7	94.7	108.2	98.6	84.5
August 1986	102.5	92.6	90.5	98.2	107.9	95.2	80.1
September 1986	94.6	87.0	91.9	95.8	106.3	92.4	76.1
October 1986	99.1	90.0	96.5	99.3	102.5	97.3	85.7
November 1986	95.8	85.6	93.2	92.3	99.5	94.2	80.4

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

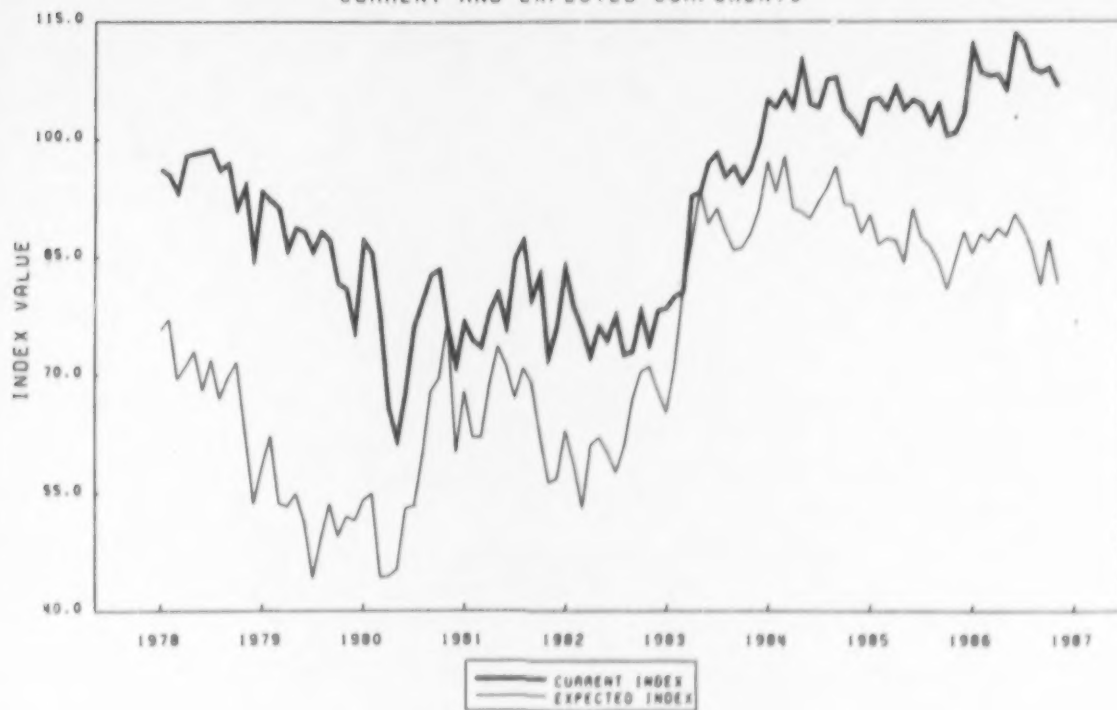


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

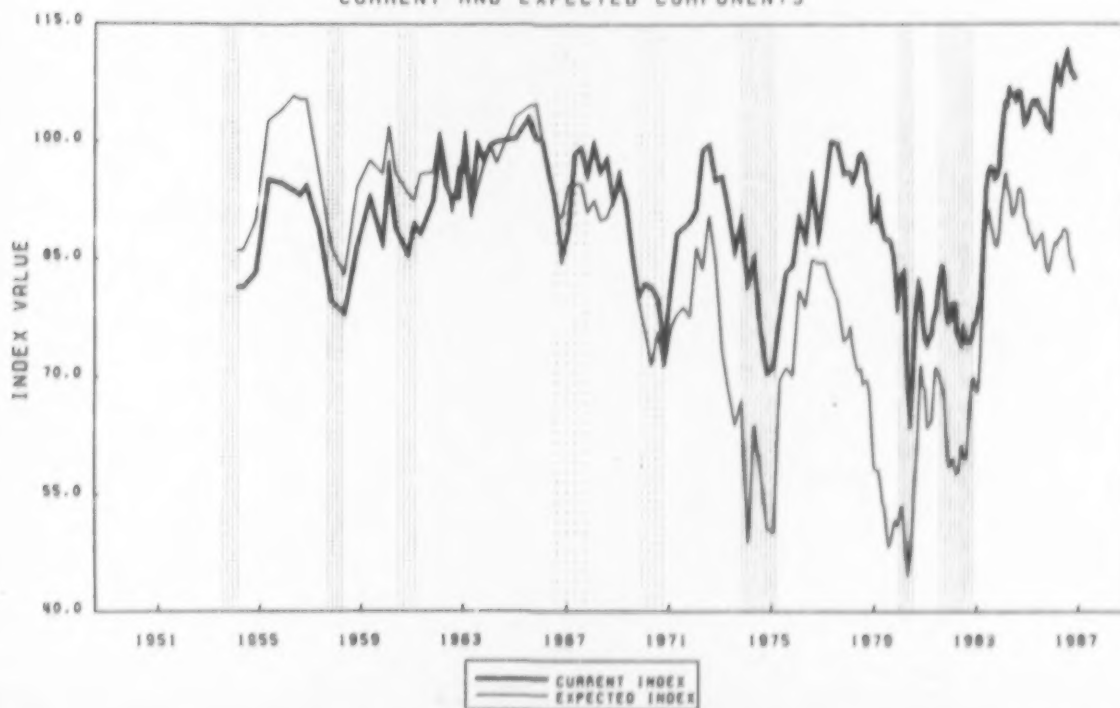


TABLE 3
COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	INDEX COMPONENTS +						
	Personal finances		Business conditions		Buying conds.	Current Index	Expected Index
	Current	Expected	12 months	5 years			
	(1)	(2)	(3)	(4)	(5)	(1,5)	(2,3,4)
November 1983	111	127	129	98	138	96.1	87.9
December 1983	123	125	140	102	134	99.3	91.0
January 1984	117	129	154	103	155	104.9	97.0
February 1984	119	130	139	106	151	103.9	93.2
March 1984	122	135	146	113	153	106.0	97.7
April 1984	116	125	136	107	152	103.5	91.4
May 1984	121	129	131	105	164	109.8	90.6
June 1984	126	124	131	106	145	104.4	89.8
July 1984	117	124	133	113	152	103.9	91.9
August 1984	125	129	137	111	153	107.5	93.7
September 1984	125	131	142	116	154	107.8	96.4
October 1984	118	127	134	107	150	103.6	91.6
November 1984	121	129	132	107	144	102.4	91.5
December 1984	118	125	131	98	143	100.6	87.9
January 1985	119	124	135	104	153	104.9	90.3
February 1985	115	120	131	96	158	105.1	86.5
March 1985	112	123	133	96	156	103.7	87.3
April 1985	116	127	128	95	161	106.6	87.0
May 1985	116	120	121	97	152	103.7	84.2
June 1985	115	127	133	106	157	104.9	91.1
July 1985	116	124	129	98	154	104.3	87.4
August 1985	112	123	125	99	152	101.8	86.3
September 1985	116	124	118	96	155	104.3	84.2
October 1985	111	123	111	90	148	100.3	80.8
November 1985	111	124	120	96	150	100.7	84.5
December 1985	120	124	127	103	147	103.1	88.1
January 1986	122	123	126	93	168	111.8	85.3
February 1986	117	123	132	98	164	108.4	87.6
March 1986	120	124	129	96	160	107.9	86.9
April 1986	120	128	133	94	160	108.1	88.5
May 1986	117	129	131	92	158	106.2	87.5
June 1986	124	127	136	100	170	113.3	90.3
July 1986	126	130	131	94	165	112.1	88.5
August 1986	121	128	123	94	161	108.9	85.9
September 1986	120	127	115	84	161	108.3	81.3
October 1986	120	127	124	99	162	108.9	87.1
November 1986	121	121	120	87	155	106.7	81.6

(1) See Table 4.

(2) See Table 6.

(3) See Table 15.

(4) See Table 16.

(5) See Table 21.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO



CHART 4 - HISTORICAL SERIES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO



TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986
BETTER OFF	38%	46%	45%	44%	44%	45%	42%	47%	49%	46%	45%	44%	43%
SAME	34	28	32	29	32	30	33	29	28	28	30	32	35
WORSE OFF	27	26	23	27	24	25	25	23	23	25	25	24	22
DK,NA	1	*	*	*	*	*	*	1	*	1	*	*	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	651	652	656	656	658	658	655	658	665	653	659	651	656

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

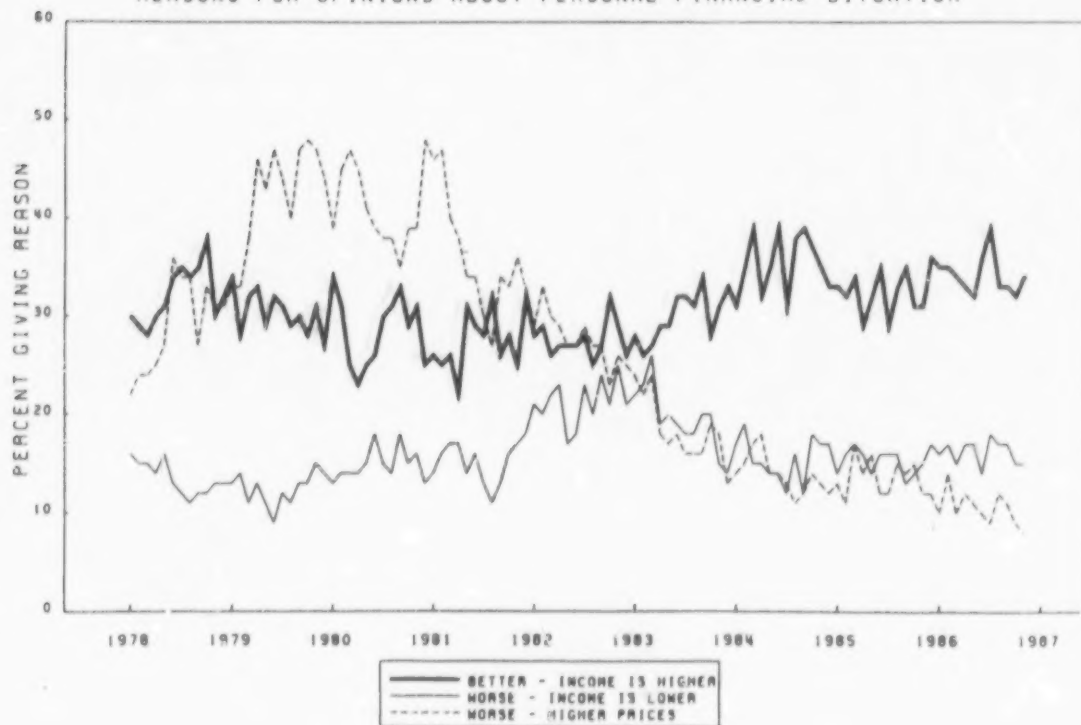


CHART 5 - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

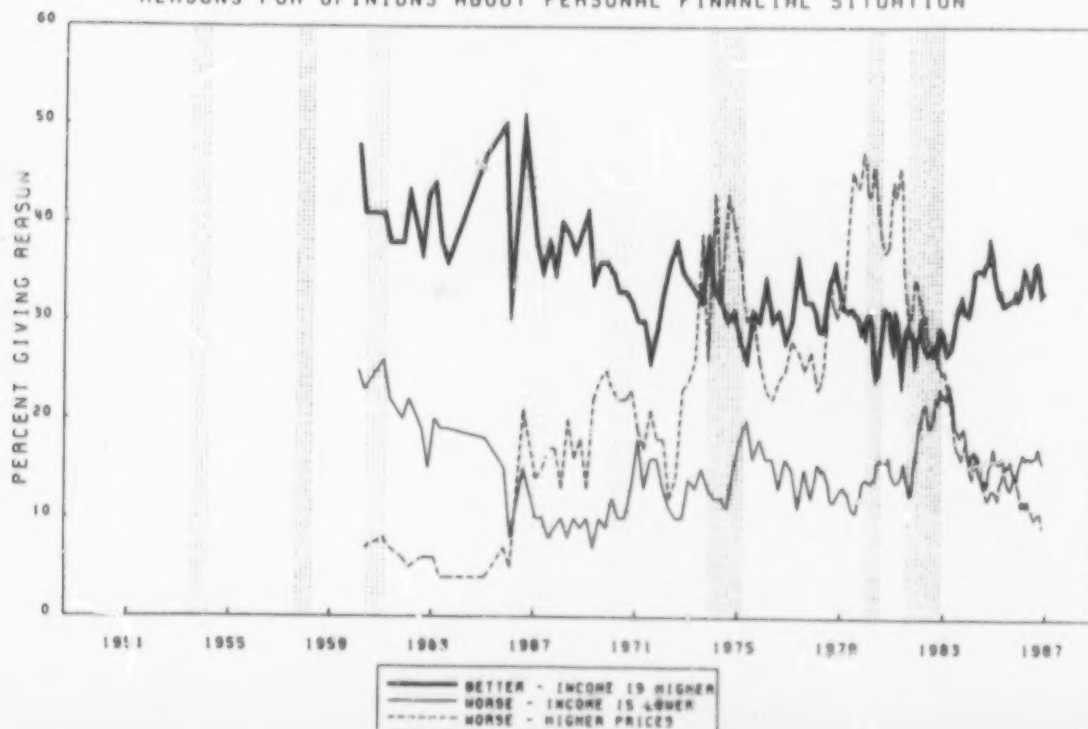


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986
BETTER OFF THAN YEAR AGO:													
Income is higher	31%	36%	35%	35%	34%	33%	32%	36%	39%	33%	33%	32%	34%
WORSE OFF THAN YEAR AGO:													
Income is lower	15	17	16	17	15	17	17	14	18	17	17	15	15
Higher prices	12	12	10	14	10	12	11	10	9	12	11	9	8

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES
EXPECTED CHANGE IN FINANCIAL SITUATION

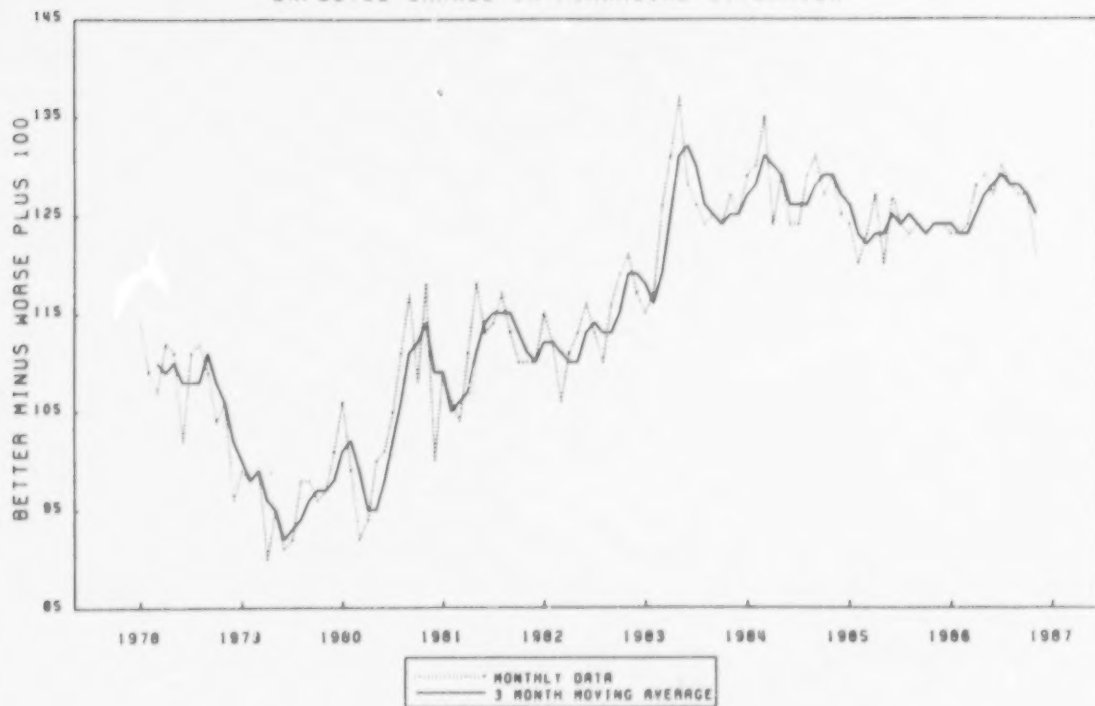


CHART 6 - HISTORICAL SERIES
EXPECTED CHANGE IN FINANCIAL SITUATION

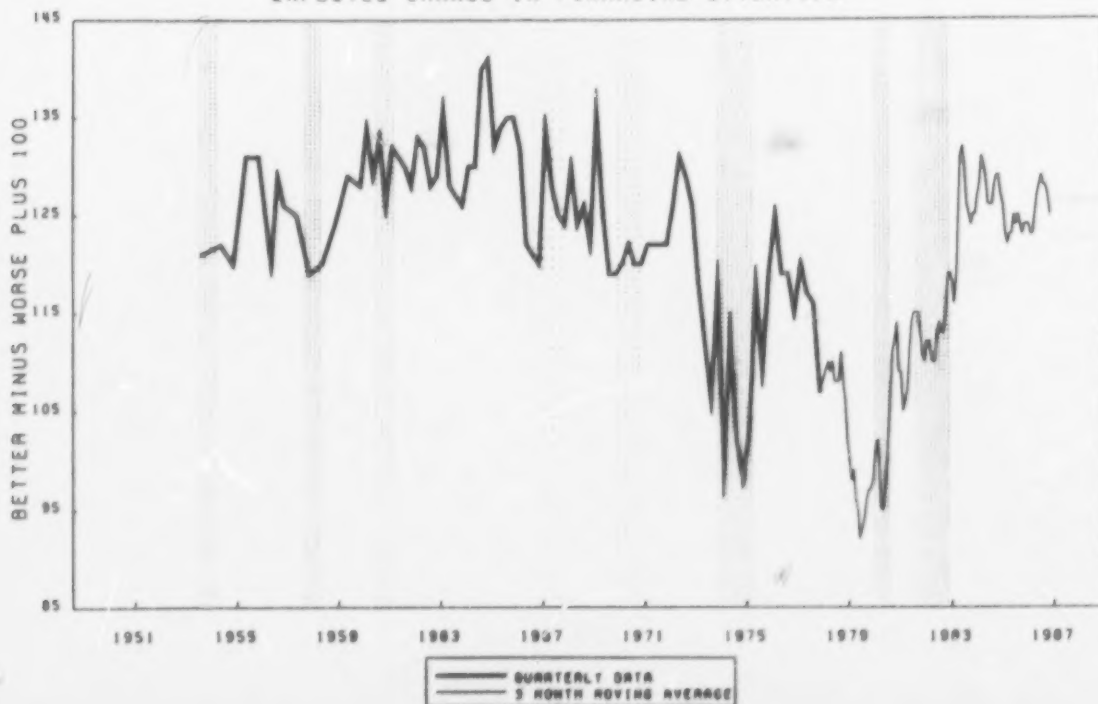


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986
BETTER OFF	36%	33%	35%	35%	37%	38%	40%	38%	38%	39%	38%	37%	33%
SAME	48	55	50	50	47	49	47	49	52	48	47	51	52
WORSE OFF	12	9	12	12	13	10	11	11	8	11	11	10	12
DK,NA	4	3	3	3	3	3	2	2	2	2	4	2	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	651	652	656	656	658	658	655	658	665	653	659	651	656

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION



CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION



TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	19%	20%	21%	20%	22%	23%	22%	22%	23%	21%	21%	22%	18%
Intermittant increase (b)	25	29	29	29	27	28	26	29	29	32	29	27	29
Remain unchanged (c)	20	18	18	16	18	16	19	18	19	15	16	19	22
Intermittant decline (d)	17	17	16	16	14	16	15	14	12	13	15	16	13
Continuous decline (e)	5	4	5	6	7	4	4	4	3	6	5	3	5
Mixed change (f)	10	10	9	11	9	10	11	11	11	11	10	11	10
DK,NA	4	2	2	2	3	3	3	2	3	2	4	2	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	651	652	656	656	658	658	655	658	665	653	659	651	656

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
 (b) Better/Same or Same/Better
 (c) Same/Same
 (d) Worse/Same or Same/Worse
 (e) Worse/Worse
 (f) Worse/Better or Better/Worse

CHART B - RECENT CHANGES
 MEDIAN EXPECTED CHANGE IN FAMILY INCOME



CHART B - HISTORICAL SERIES
 MEDIAN EXPECTED CHANGE IN FAMILY INCOME

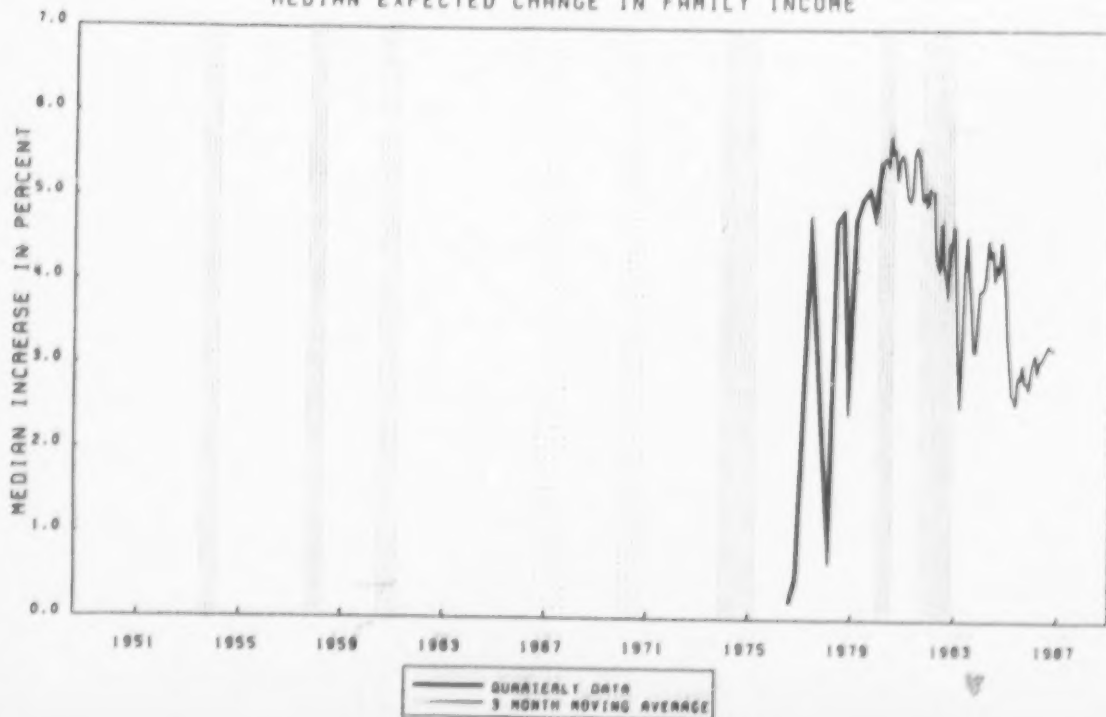


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986
EXPECT INCREASE:													
1-4%	17%	14%	11%	17%	16%	13%	16%	15%	15%	16%	16%	14%	17%
5%	9	11	12	10	10	9	9	11	12	11	15	12	13
6-9%	8	8	7	8	6	8	10	8	8	7	7	6	9
10-24%	14	17	16	16	14	19	15	15	17	14	15	19	15
25% or more	6	6	7	6	7	7	6	7	8	9	4	7	6
DK how much up	4	5	4	3	4	3	3	3	4	5	3	3	4
EXPECT SAME	26	25	28	27	27	25	25	25	22	24	26	26	23
EXPECT DOWN	14	12	14	12	15	15	14	14	14	13	13	12	12
DK,NA	2	2	1	1	1	1	2	2	*	1	1	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	651	652	656	656	658	658	655	658	665	653	659	651	656

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

* : Less than half of one percent.

CHART 9 - RECENT CHANGES
INCOME OR PRICES UP MORE NEXT YEAR



CHART 9 - HISTORICAL SERIES
INCOME OR PRICES UP MORE NEXT YEAR

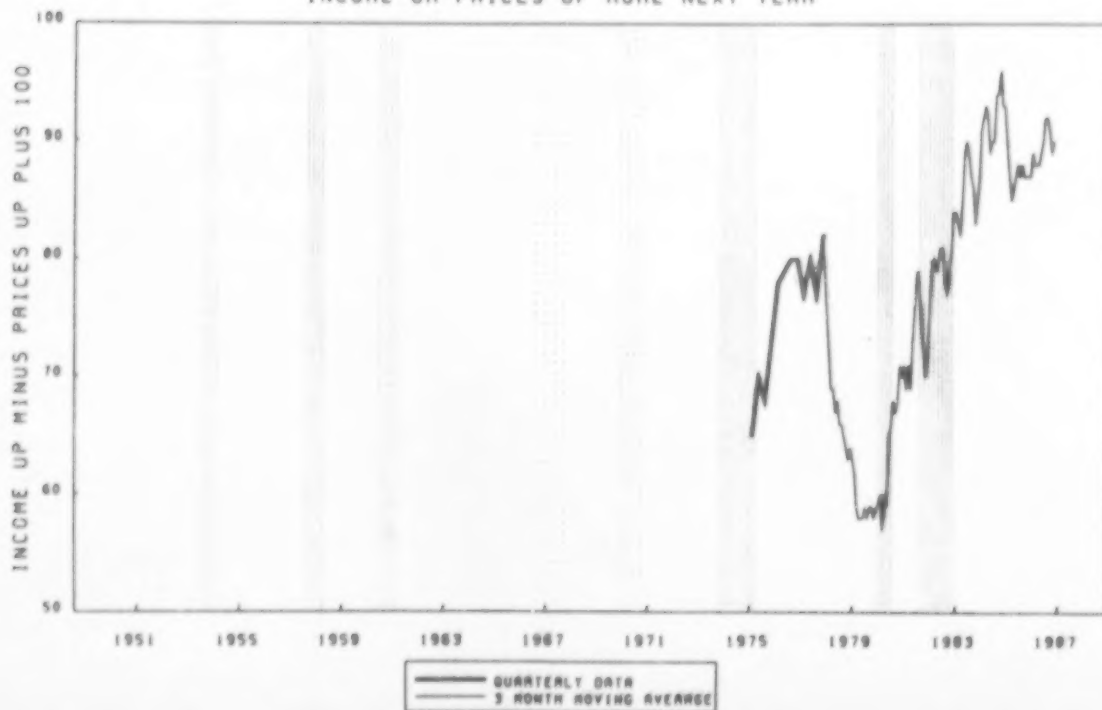


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986
INCOME UP MORE	20%	23%	21%	19%	21%	21%	21%	23%	24%	22%	20%	22%	21%
INCOME UP SAME	43	42	47	43	44	45	44	43	47	44	47	45	47
PRICES UP MORE	33	33	31	35	32	31	32	32	28	32	32	32	30
DK,NA	4	2	1	3	3	3	3	2	1	2	1	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	651	652	656	656	658	658	655	658	665	653	659	651	656

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS



CHART 10 - HISTORICAL SERIES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS



TABLE 10
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986
FAVORABLE NEWS	32%	33%	37%	34%	46%	55%	42%	42%	37%	33%	29%	25%	30%
UNFAVORABLE NEWS	47	50	41	44	47	43	44	39	44	53	51	52	53
NO MENTIONS	47	47	47	46	43	38	44	46	45	44	49	48	47

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

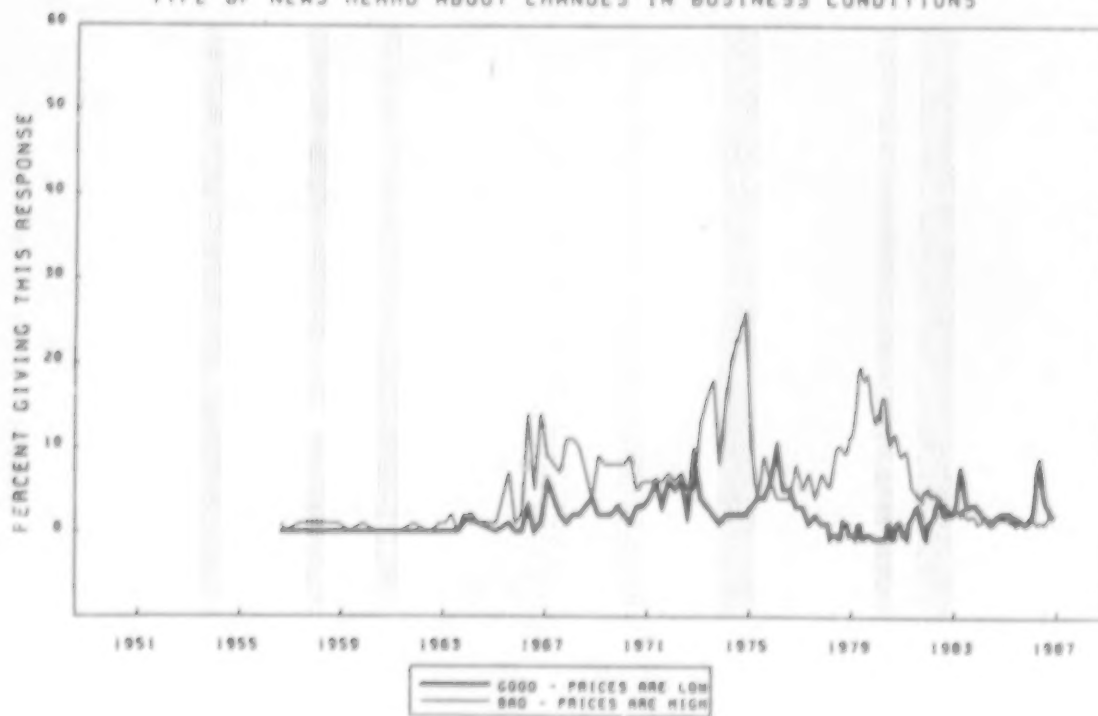


CHART 11B - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

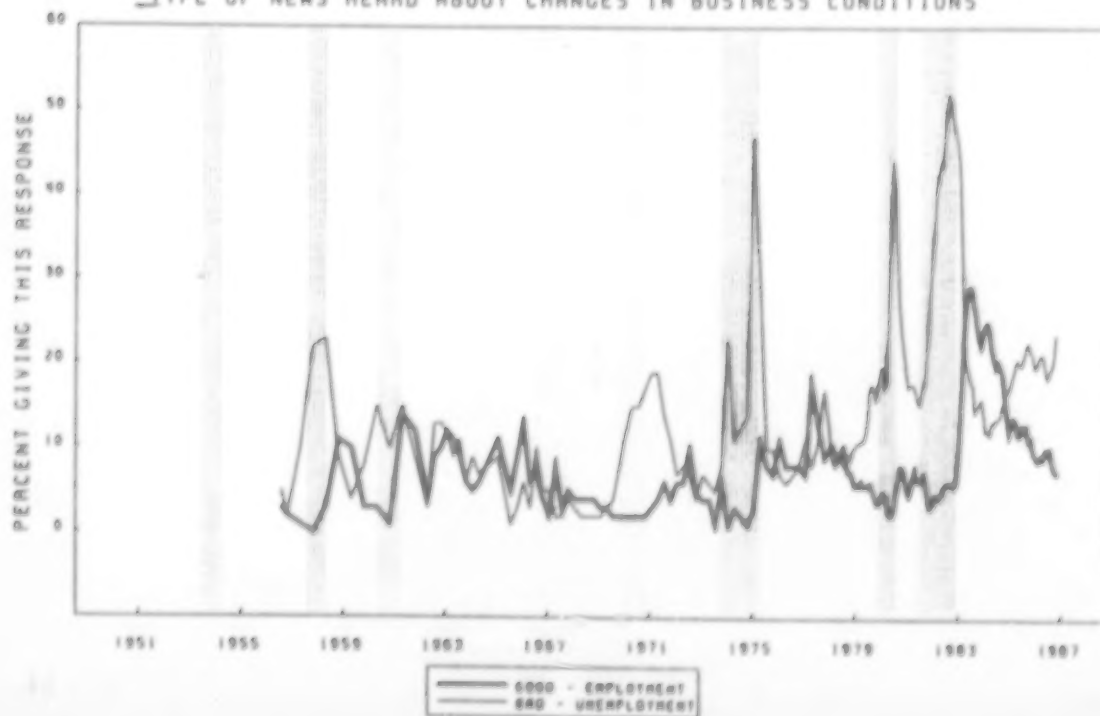


TABLE 11

SELECTED ITEMS OF
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986
FAVORABLE NEWS:													
Government; elections	3%	2%	2%	2%	*	1%	2%	3%	3%	2%	2%	1%	3%
Employment	12	8	8	10	8	10	9	11	9	10	6	7	9
Higher consumer demand	3	3	3	1	3	3	2	2	1	3	2	3	2
Lower prices	1	2	2	3	8	11	6	3	4	3	2	2	2
Easier credit	6	7	9	8	15	17	11	9	11	7	11	8	5
UNFAVORABLE NEWS:													
Government; elections	4	5	5	3	3	3	3	4	5	5	6	8	6
Unemployment	21	20	18	21	23	20	20	18	19	21	19	23	29
Lower consumer demand	2	5	3	1	2	2	3	2	1	2	1	2	2
Higher prices	2	2	2	1	1	1	2	1	*	3	2	2	1
Tighter credit	2	2	1	*	*	1	1	2	1	1	1	*	1
Energy crisis	*	*	*	*	*	*	1	*	*	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO



CHART 12 - HISTORICAL SERIES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

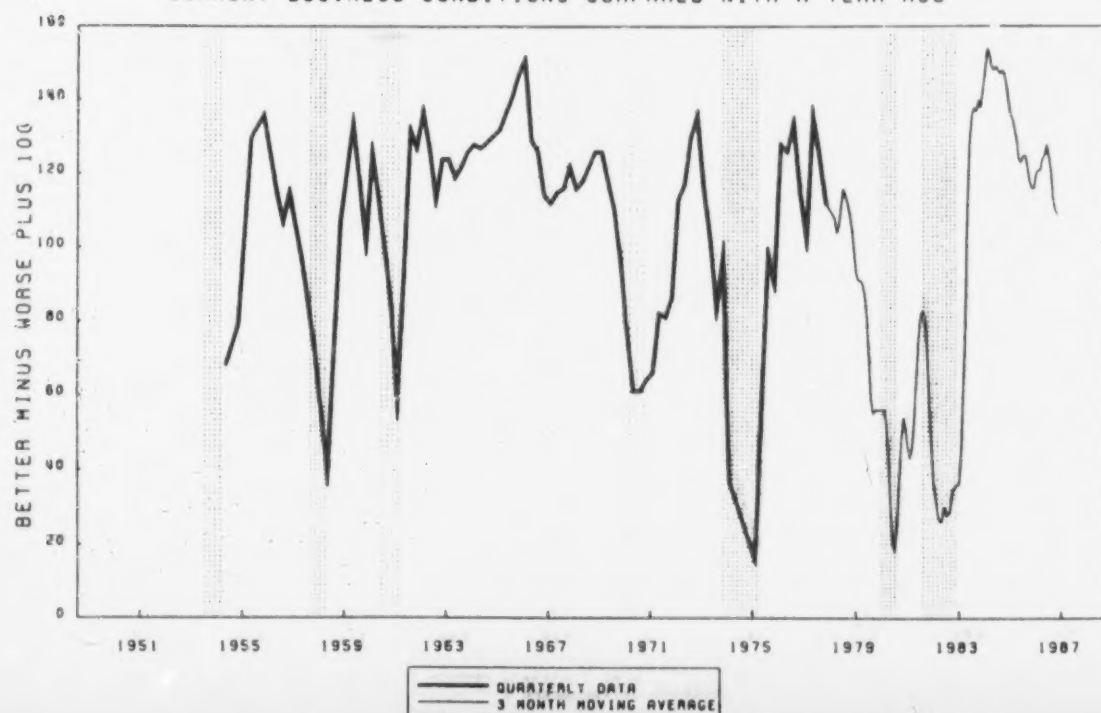


TABLE 12
CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986
BETTER NOW	50%	52%	52%	51%	53%	61%	54%	60%	53%	47%	47%	47%	45%
SAME	12	16	17	15	13	9	13	8	14	14	13	15	16
WORSE NOW	35	31	29	32	32	29	31	30	31	37	39	35	37
DK,NA	3	1	2	2	2	1	2	2	2	2	1	3	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	651	652	656	656	658	658	655	658	665	653	659	651	656

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

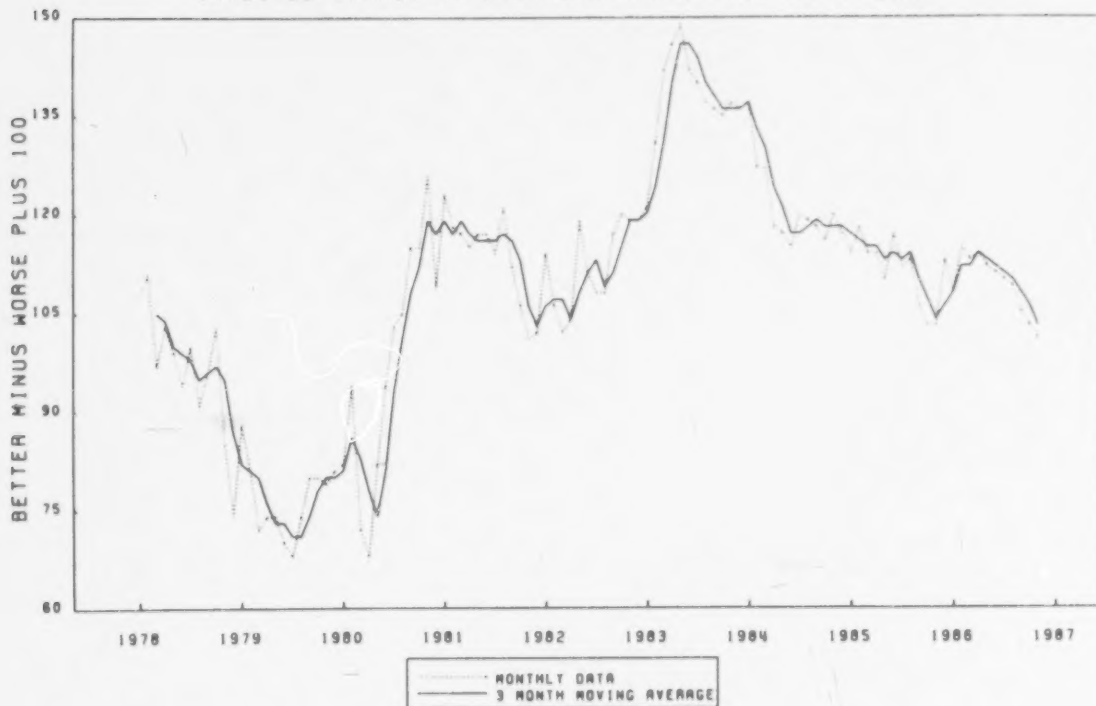


CHART 13 - HISTORICAL SERIES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

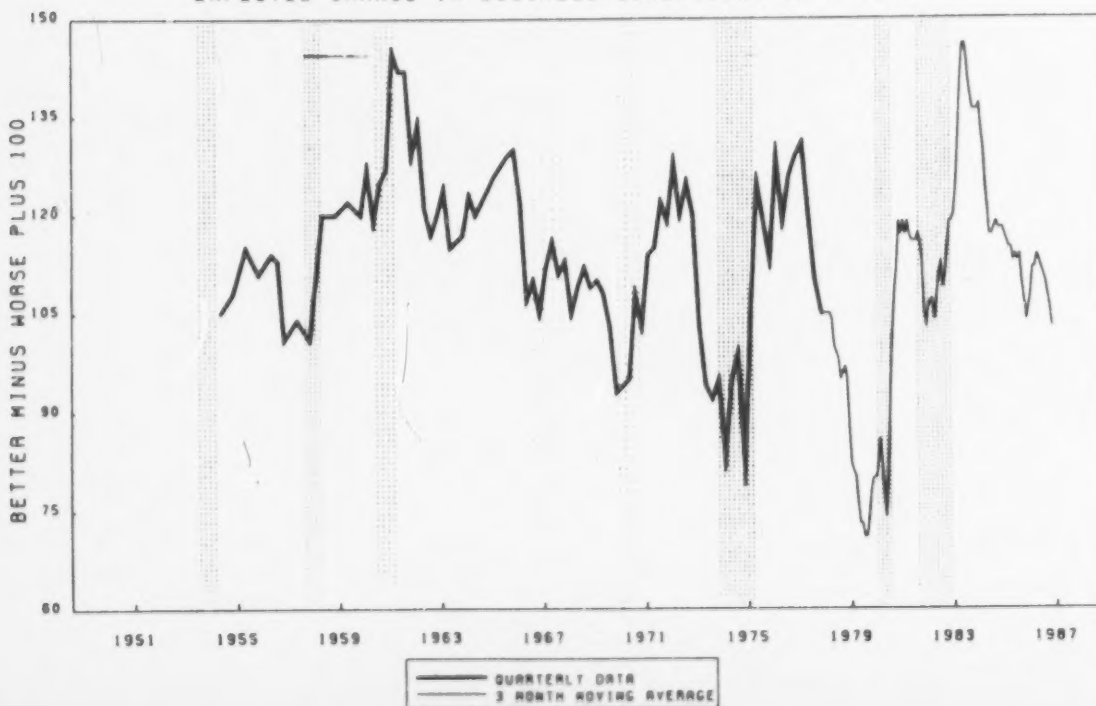


TABLE 13

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986
BETTER	21%	27%	24%	27%	29%	29%	26%	25%	24%	26%	23%	21%	20%
SAME	59	58	58	59	53	55	57	60	60	56	55	59	59
WORSE	18	14	16	12	16	15	14	14	14	17	18	18	19
DK,NA	2	1	2	2	2	1	3	1	2	1	4	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	651	652	656	656	658	658	655	658	665	653	659	651	656

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS



CHART 14 - HISTORICAL SERIES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

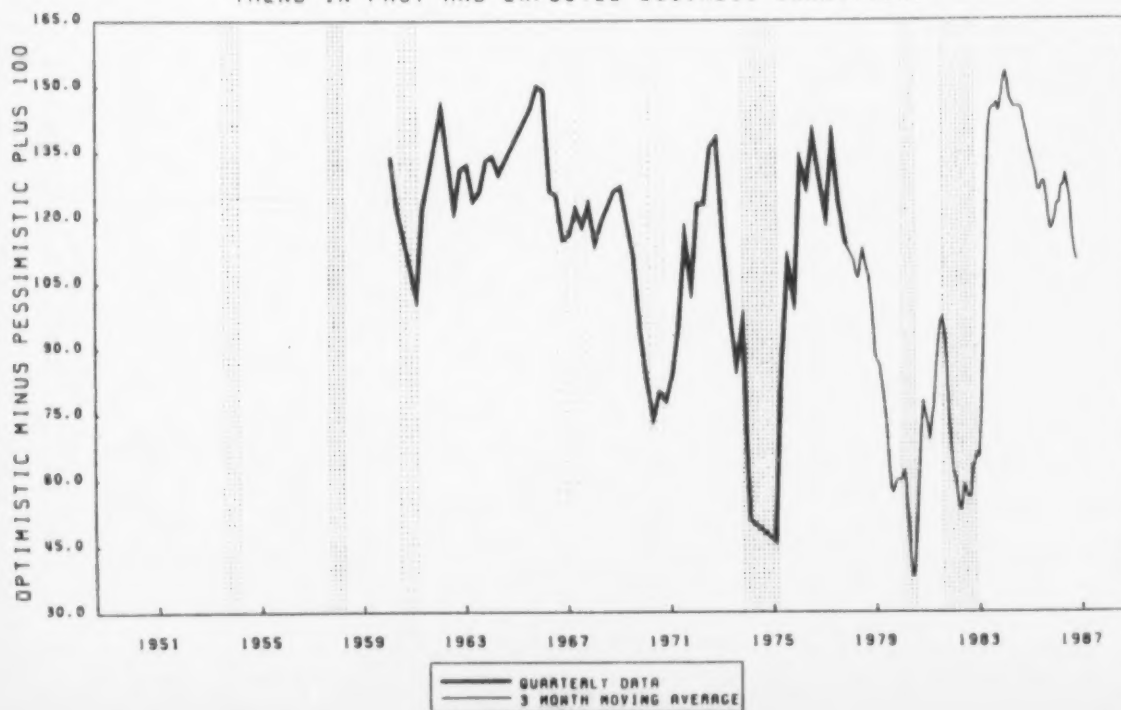


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986
TREND:													
Continuous increase (a)	14%	19%	16%	19%	20%	23%	19%	18%	16%	17%	15%	13%	12%
Intermittant increase (b)	34	33	33	33	32	35	33	41	36	29	29	31	30
Remain unchanged (c)	8	10	11	10	7	7	8	5	10	10	8	10	10
Intermittant decline (d)	21	19	19	20	18	14	20	17	18	20	22	21	23
Continuous decline (e)	12	9	8	9	10	10	8	10	9	12	12	10	11
Mixed change (f)	7	7	10	6	10	8	9	7	8	9	10	11	11
DK,NA	4	3	3	3	3	3	3	2	3	3	4	4	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	651	652	656	656	658	658	655	658	665	653	659	651	656

Combination of the responses to the questions on Tables 12 and 13.

- Key: (a) Better than a year ago/Better a year from now
 (b) Better/Same or Same/Better
 (c) Same/Same
 (d) Worse/Same or Same/Worse
 (e) Worse/Worse
 (f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS



CHART 15 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

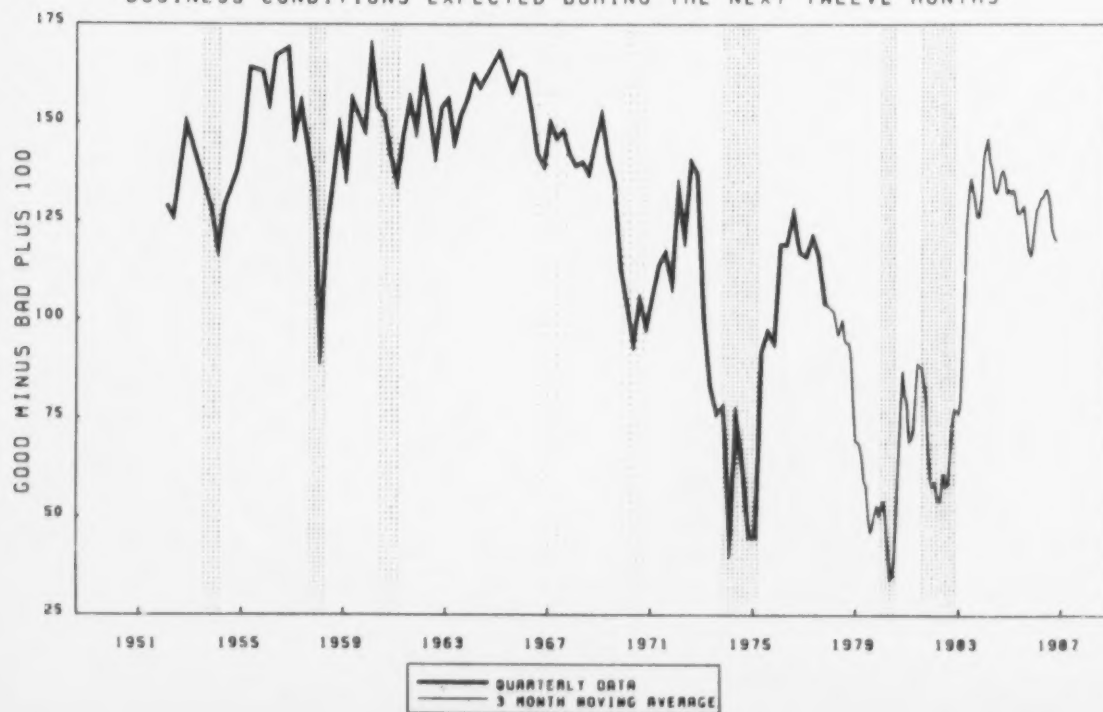


TABLE 15
BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986
GOOD TIMES	53%	57%	58%	61%	58%	61%	60%	62%	61%	55%	50%	55%	53%
UNCERTAIN; GOOD & BAD	4	4	3	2	3	2	2	2	3	4	3	3	3
BAD TIMES	33	30	32	29	29	28	29	26	30	32	35	31	33
DON'T KNOW	6	7	5	4	7	6	5	6	4	5	8	4	5
NOT ASCERTAINED	4	2	2	4	3	3	4	4	2	4	4	7	6
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	651	652	656	656	658	658	655	658	665	653	659	651	656

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS



CHART 16 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

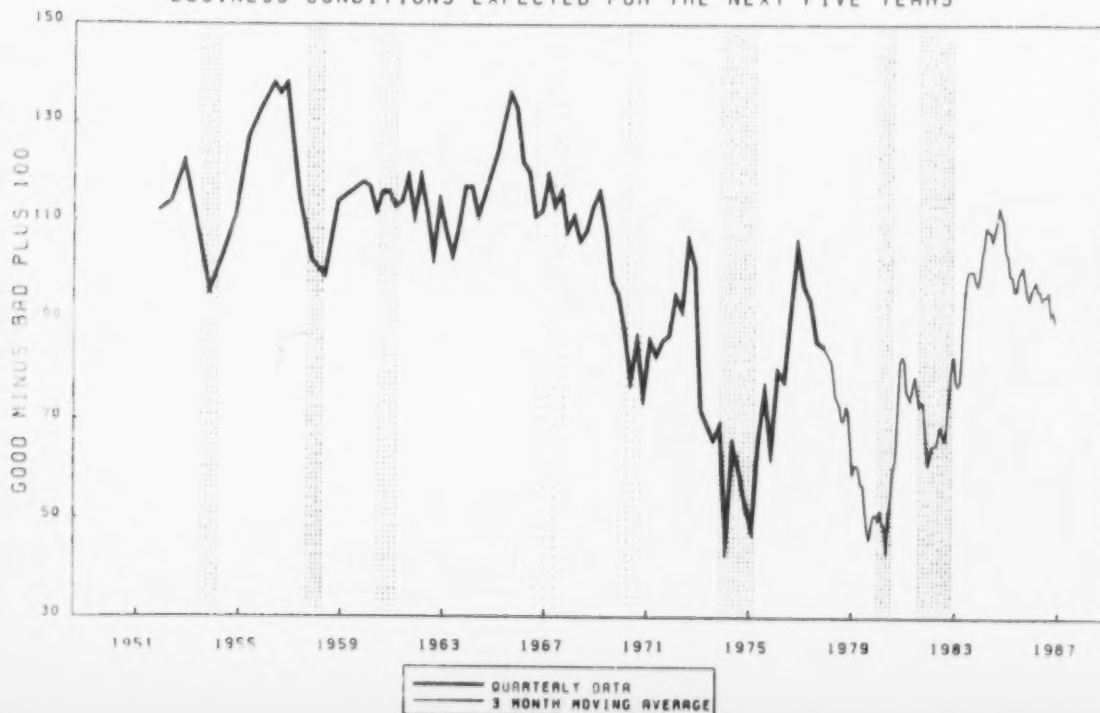


TABLE 16

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986
GOOD TIMES	38%	40%	39%	42%	39%	36%	37%	40%	38%	39%	33%	41%	35%
UNCERTAIN; GOOD & BAD	14	17	12	11	13	18	14	14	13	10	11	13	14
BAD TIMES	42	37	46	44	43	42	45	40	44	45	49	42	48
NOT ASCERTAINED	6	6	3	3	5	4	4	6	5	6	7	4	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	651	652	656	656	658	658	655	658	665	653	659	651	656

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT



CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

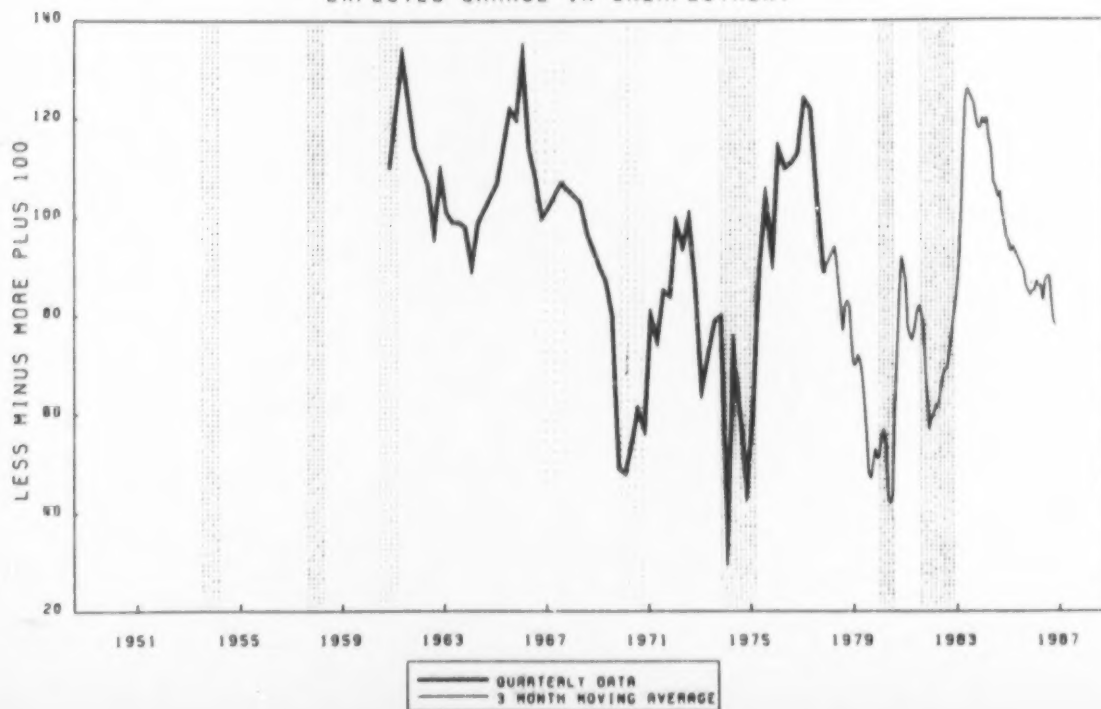


TABLE 17

EXPECTED CHANGE IN UNEMPLOYMENT

	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986
LESS	15%	15%	15%	19%	17%	15%	14%	20%	15%	13%	11%	10%	11%
SAME	54	54	54	51	48	51	54	53	56	54	54	55	54
MORE	29	30	30	29	33	32	31	26	27	32	32	33	34
DK,NA	2	1	1	1	2	2	1	1	2	1	3	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	651	652	656	656	658	658	655	658	665	653	659	651	656

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES



CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

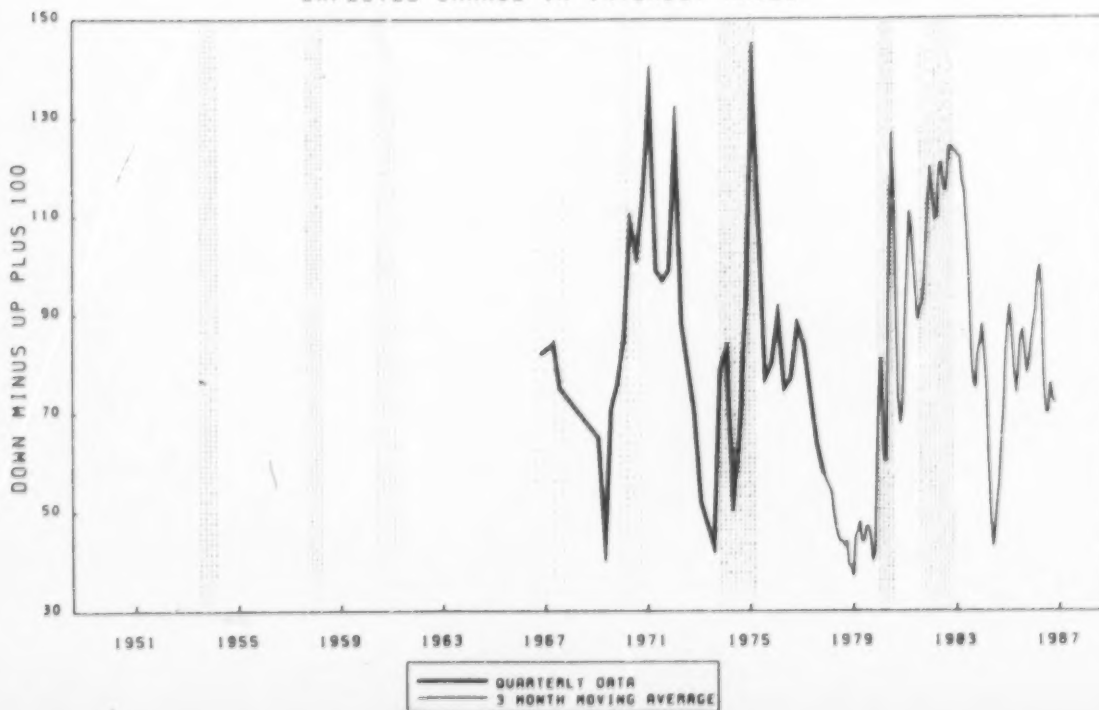


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986
GO UP	36%	36%	38%	30%	26%	35%	41%	54%	45%	42%	49%	50%	43%
STAY THE SAME	37	37	34	40	35	34	35	34	35	34	26	33	37
GO DOWN	23	25	25	27	36	28	21	10	19	22	23	15	19
DK,NA	4	2	3	3	3	3	3	2	1	2	2	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	651	652	656	656	658	658	655	658	665	653	659	651	656

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

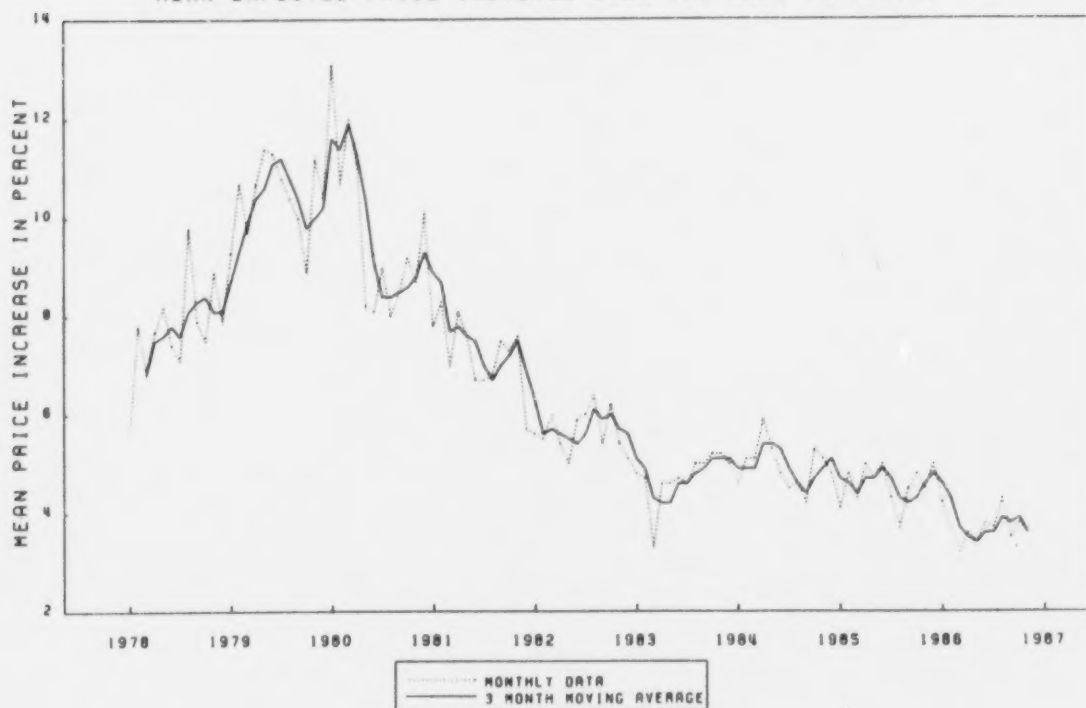


CHART 19 - HISTORICAL SERIES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

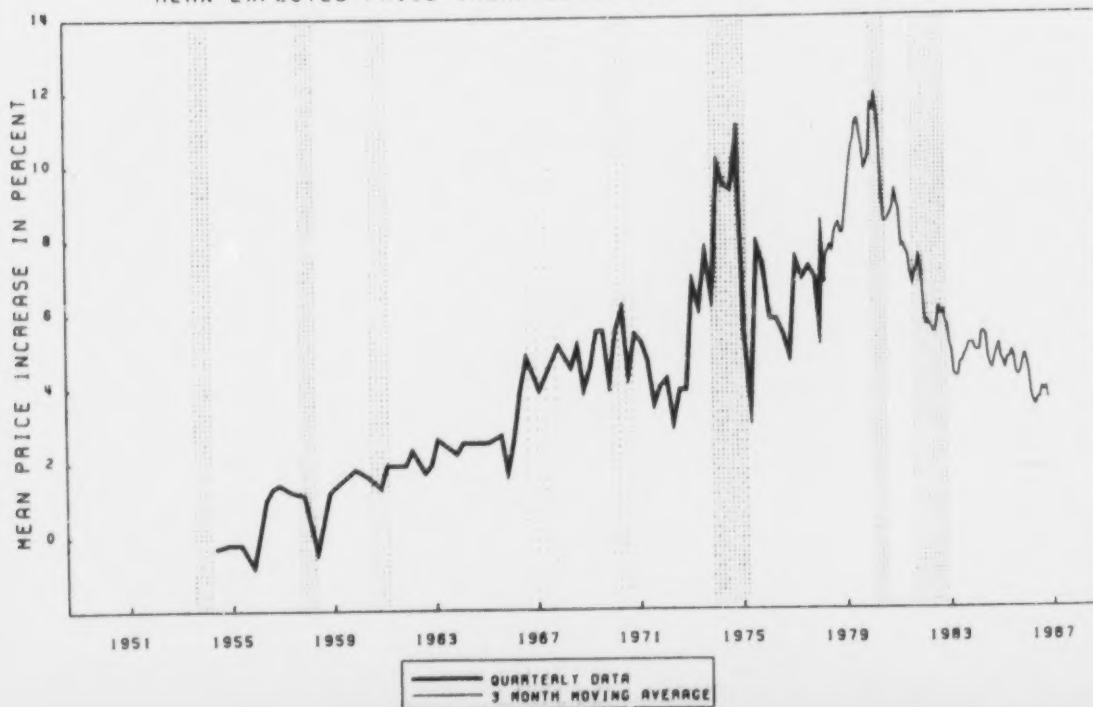


TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986
SAME OR DOWN	25%	21%	24%	28%	36%	35%	31%	22%	29%	21%	23%	22%	22%
WILL GO UP BY:													
1-2%	14	11	16	16	13	15	13	20	13	18	18	17	19
3-4%	20	22	24	19	16	18	22	20	23	24	23	19	25
5%	16	18	14	17	15	11	14	16	16	14	16	21	15
6-9%	6	6	6	6	4	5	5	6	5	7	5	5	6
10-14%	9	9	6	5	6	7	6	6	5	8	5	8	7
15% or more	5	7	5	3	3	4	3	4	4	4	3	2	2
DK how much up	3	5	4	4	6	4	4	5	4	4	6	5	3
DK,NA	2	1	1	2	1	1	2	1	1	*	1	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	4.5	5.0	4.2	3.7	3.2	3.6	3.4	3.8	3.7	4.3	3.5	3.8	3.6
VARIANCE	42	43	47	38	39	42	27	23	32	38	18	17	28
CASES	651	652	656	656	658	658	655	658	665	653	659	651	656

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 20 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

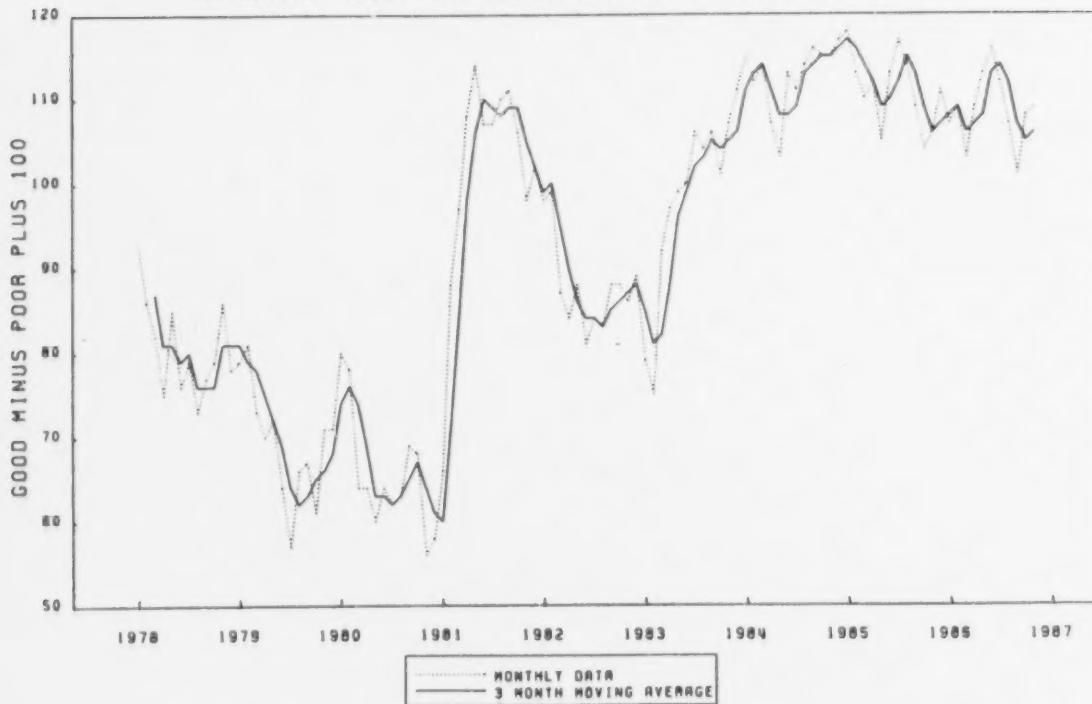


CHART 20 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

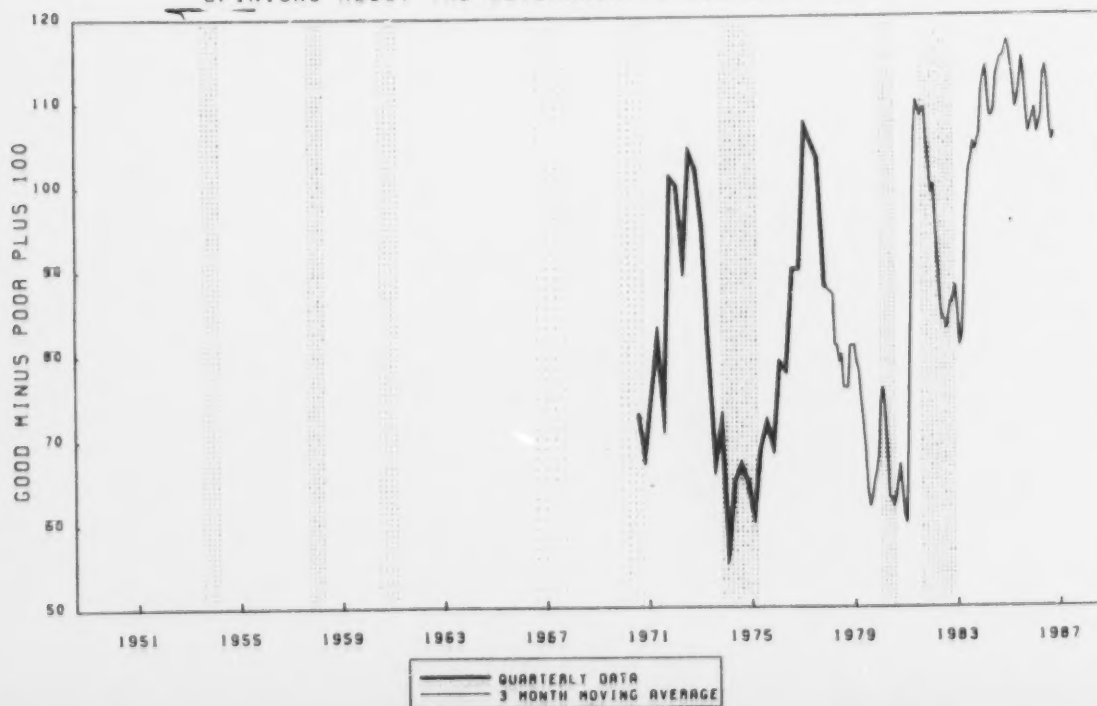


TABLE 20
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986
A GOOD JOB	28%	28%	27%	29%	25%	29%	30%	33%	29%	28%	22%	27%	28%
ONLY FAIR	48	53	52	48	51	50	49	49	52	50	54	52	51
A POOR JOB	22	17	20	20	22	20	17	17	17	21	21	19	19
DK,NA	2	2	1	3	2	1	4	1	2	1	3	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	651	652	656	656	658	658	655	658	665	653	659	651	656

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS



CHART 21 - HISTORICAL SERIES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

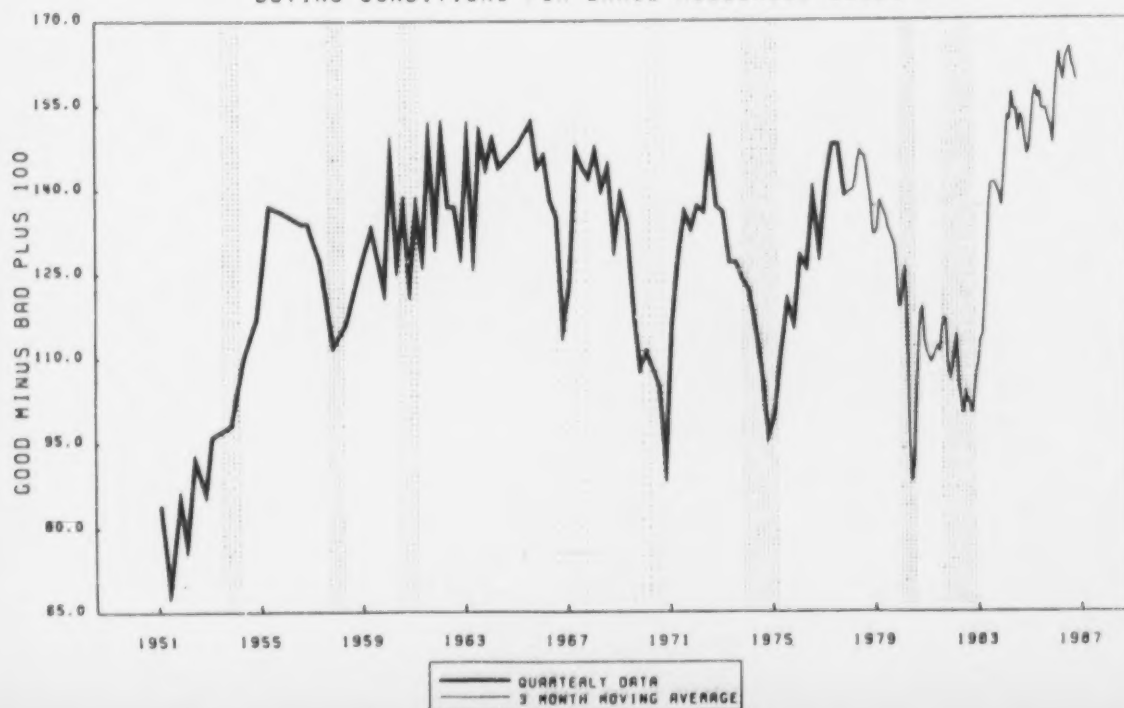


TABLE 21

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986
GOOD TIME TO BUY	70%	69%	80%	78%	75%	75%	75%	81%	79%	77%	76%	76%	72%
UNCERTAIN, DEPENDS	10	9	8	8	10	10	8	8	7	7	9	10	11
BAD TIME TO BUY	20	22	12	14	15	15	17	11	14	16	15	14	17
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	651	652	656	656	658	658	655	658	665	653	659	651	656

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

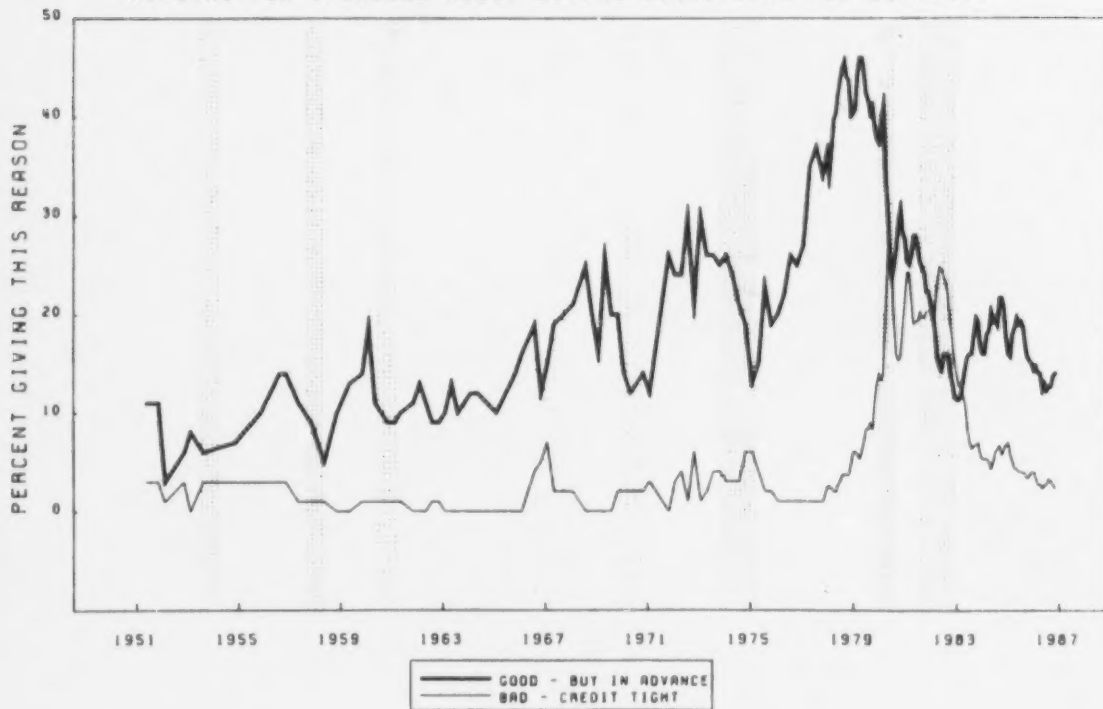


CHART 22B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

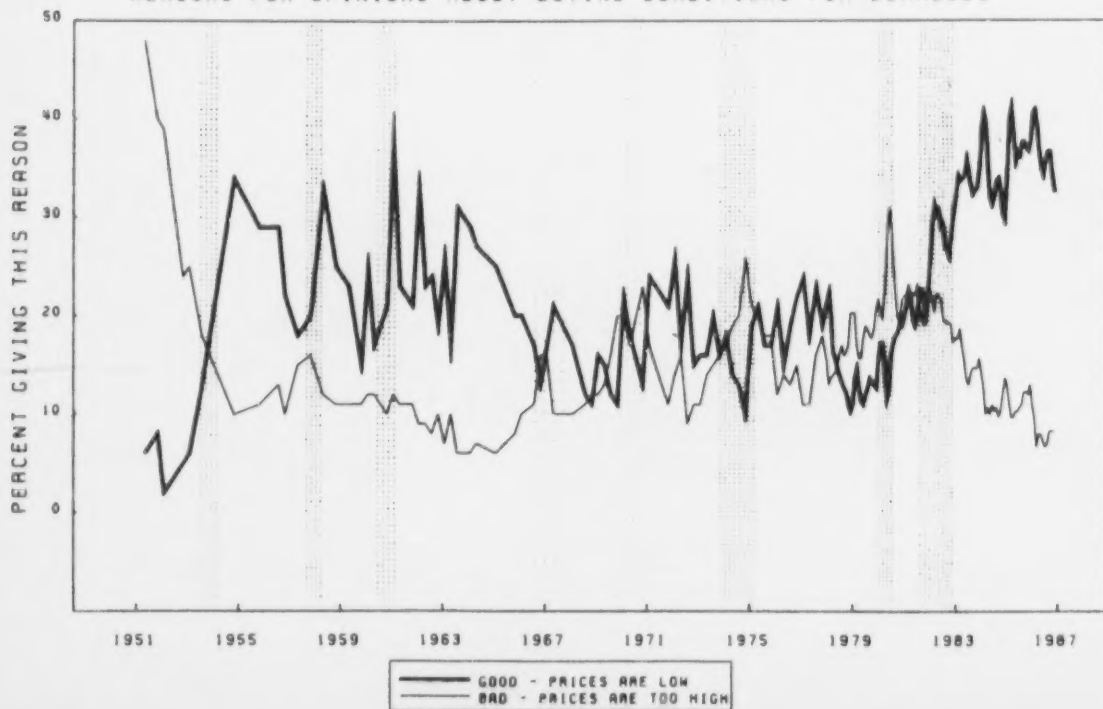


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	37%	42%	43%	38%	37%	35%	33%	35%	40%	35%	35%	33%	30%
Prices won't come down; are going higher	16	14	13	17	12	13	12	14	11	13	14	14	14
Interest rates low; credit is easy	12	12	18	20	21	29	31	31	26	26	29	26	25
BAD TIME TO BUY:													
Prices are high	11	17	5	7	8	9	7	6	7	8	10	7	8
Interest rates are high; credit is tight	5	4	3	3	2	3	2	3	3	4	2	2	3
Lack of purchasing power	7	5	6	6	8	7	9	5	6	7	8	7	8

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

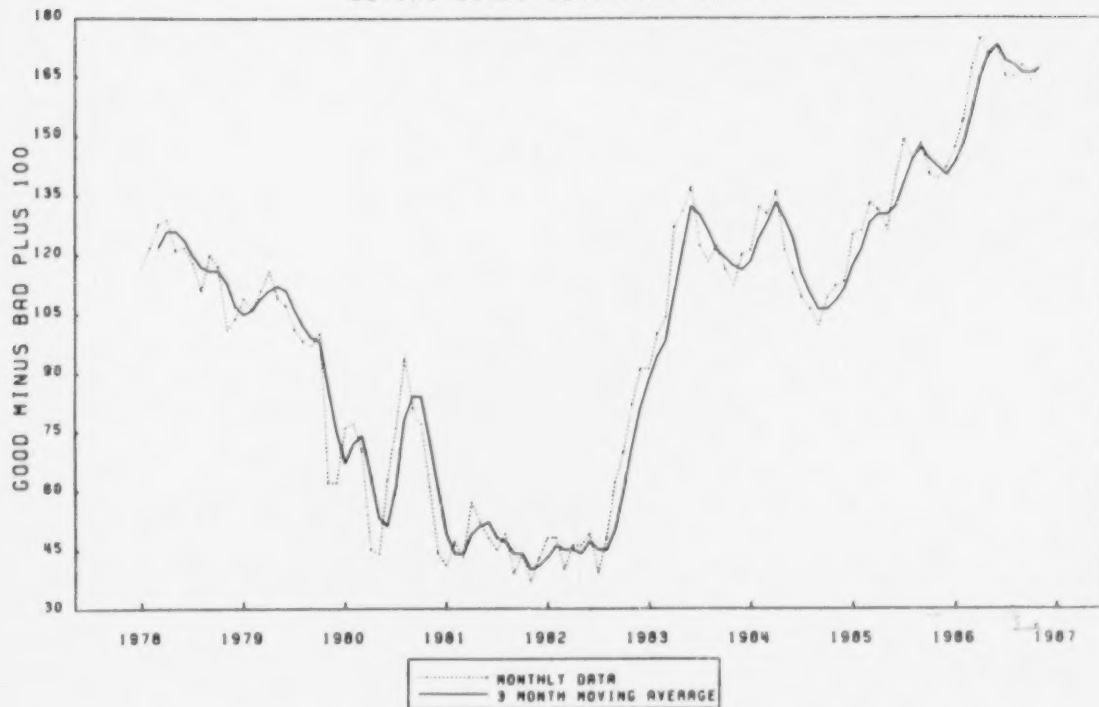


CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

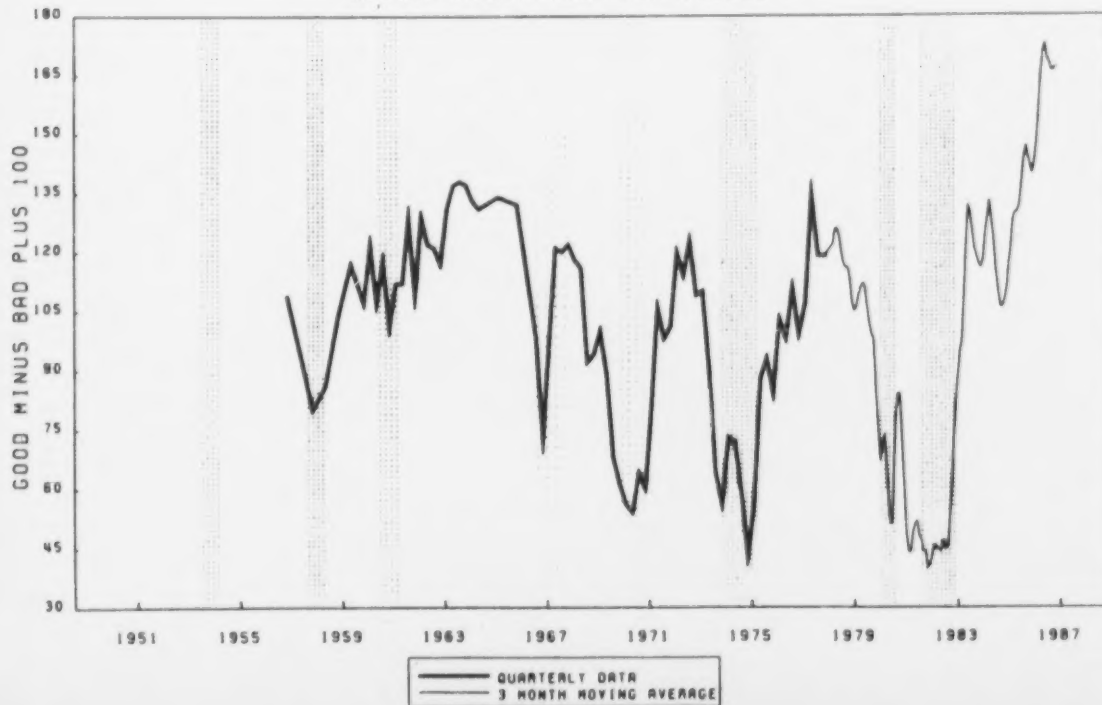


TABLE 23
BUYING CONDITIONS FOR HOUSES

	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986
GOOD TIME TO BUY	67%	68%	72%	76%	82%	86%	83%	86%	82%	81%	83%	81%	83%
UNCERTAIN, DEPENDS	5	6	3	2	3	3	4	1	1	3	2	2	2
BAD TIME TO BUY	28	26	25	22	15	11	13	13	17	16	15	17	15
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	651	652	656	656	658	658	655	658	665	653	659	651	656

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

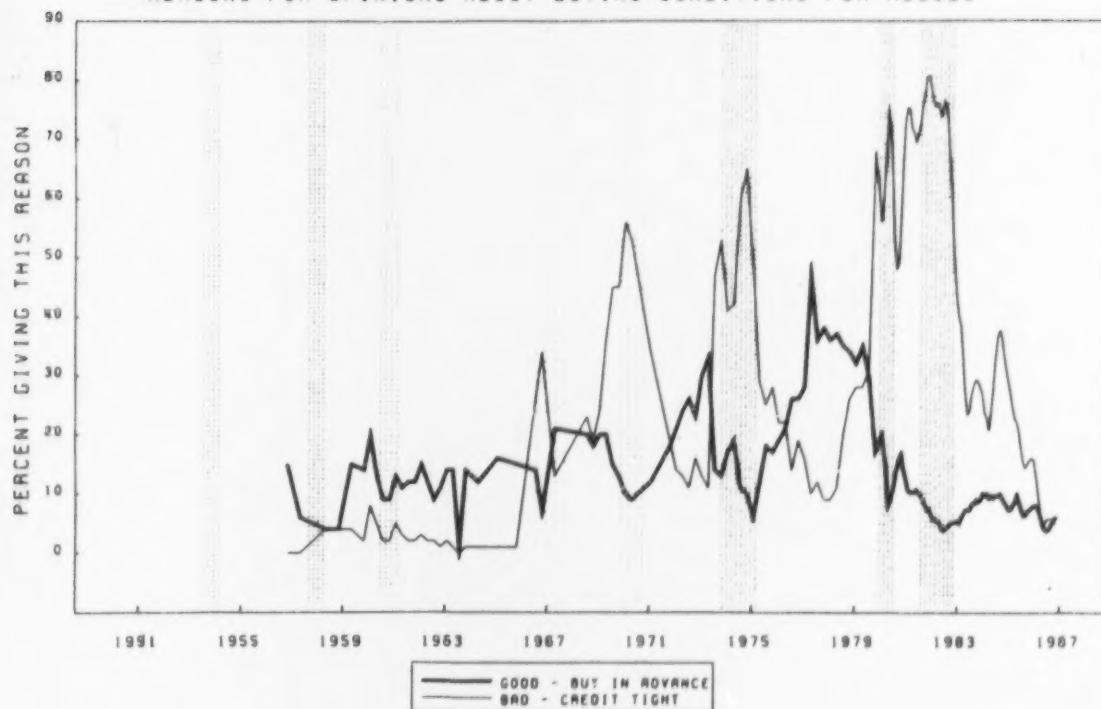


CHART 24B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

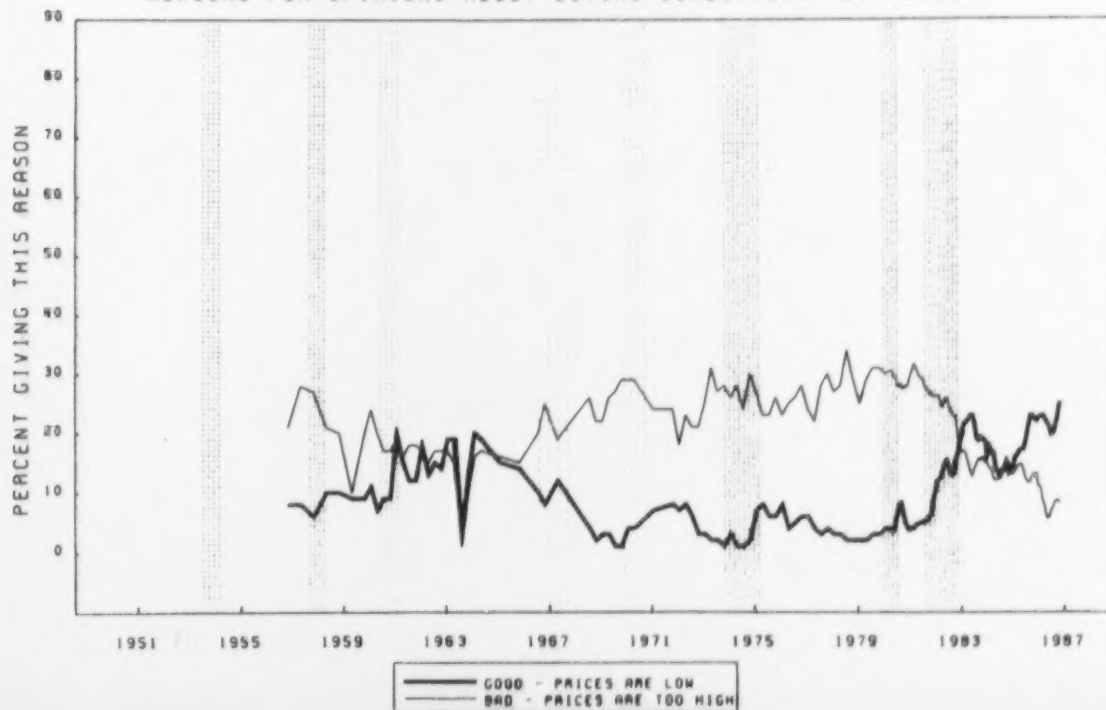


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	21%	23%	24%	22%	23%	22%	20%	21%	18%	21%	26%	22%	27%
Prices won't come down; are going higher	8	8	8	8	6	5	3	4	4	4	6	6	6
Interest rates low; credit is easy	52	53	60	64	76	83	80	83	77	78	79	75	75
Good investment	4	5	6	4	5	3	3	3	5	3	5	6	5
BAD TIME TO BUY:													
Prices are high	12	13	8	12	6	5	6	6	9	8	9	9	7
Interest rates are high; credit is tight	18	15	14	11	5	4	5	5	7	5	5	5	5
Lack of purchasing power	10	6	10	8	8	6	6	6	7	8	6	8	8

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS



CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

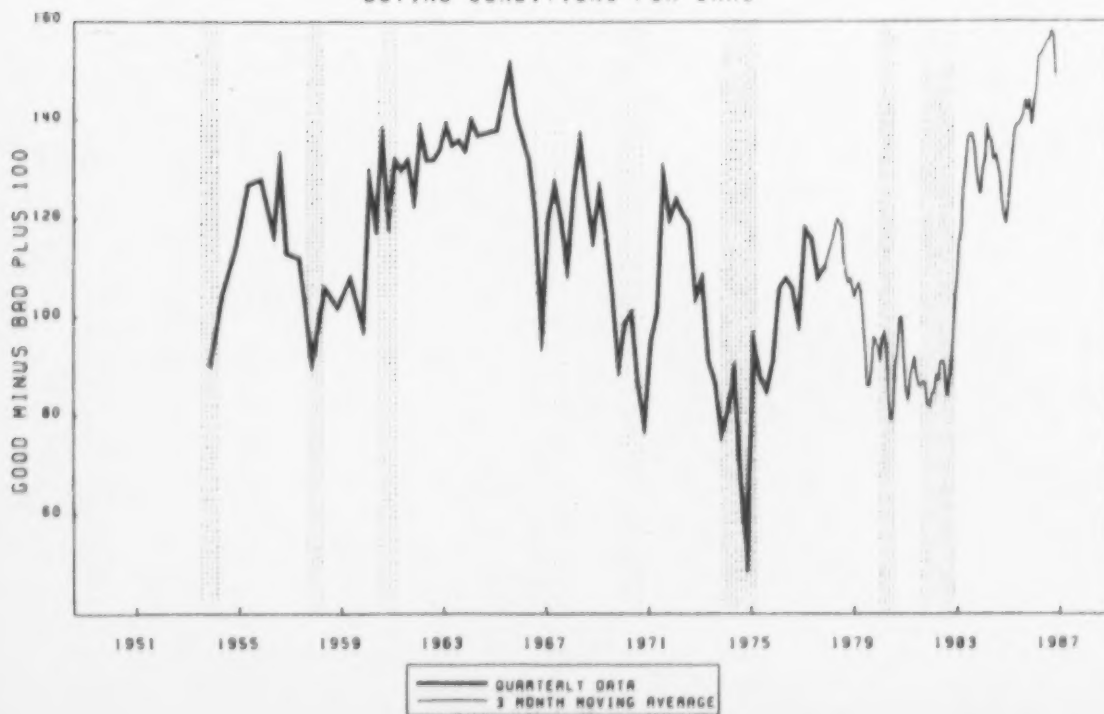


TABLE 25
BUYING CONDITIONS FOR CARS

	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986
GOOD TIME TO BUY	68%	63%	71%	73%	74%	73%	75%	77%	74%	73%	81%	72%	63%
UNCERTAIN; DEPENDS	8	9	9	6	8	5	6	5	6	8	3	7	6
BAD TIME TO BUY	24	28	20	21	18	22	19	18	20	19	16	21	31
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	651	652	656	656	658	658	655	658	665	653	659	651	656

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS



CHART 26B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

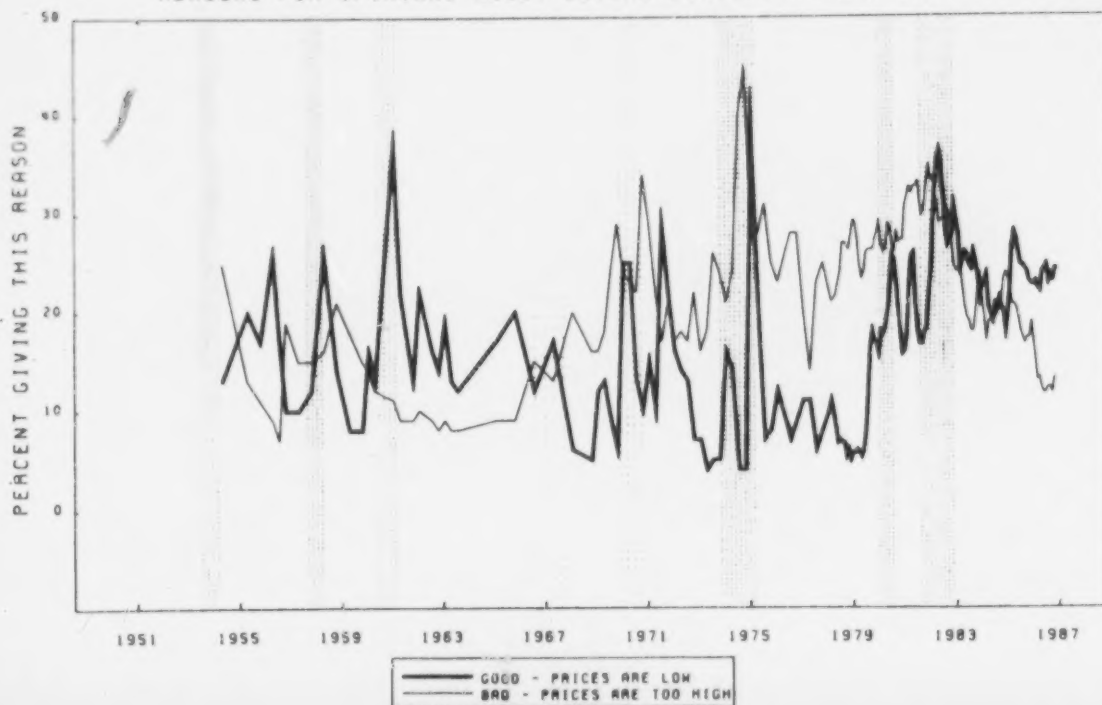


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	21%	24%	23%	22%	22%	22%	28%	23%	23%	23%	25%	22%	26%
Prices won't come down; are going higher	11	8	9	9	9	7	6	8	8	9	6	5	7
Interest rates low; credit is easy	40	37	51	53	54	54	58	62	53	52	73	58	43
New fuel efficient models	2	1	*	1	*	1	*	*	1	*	*	*	*
BAD TIME TO BUY:													
Prices are high	18	20	13	13	13	14	10	11	14	12	11	12	17
Interest rates are high; credit is tight	7	6	3	4	3	3	3	3	3	3	4	8	9
Lack of purchasing power	4	4	5	5	4	6	6	4	5	5	2	2	4
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	1	4	4	2	3	2	2	2	3	1	1	1	2

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

EXPLANATORY CHARTS

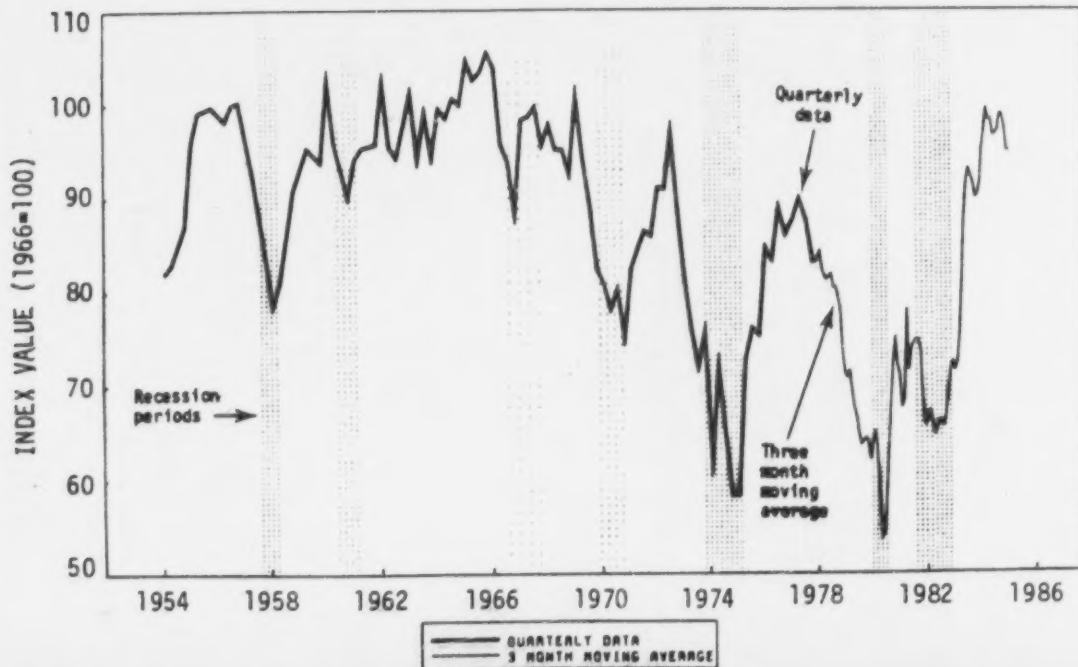
CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT



CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

- QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.
- MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.
- THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES:	November 1948	-	October 1949
	July 1953	-	May 1954
	August 1957	-	April 1958
	April 1960	-	February 1961
	June 1966	-	November 1967*
	December 1969	-	November 1970
	November 1973	-	March 1975
	January 1980	-	July 1980
	July 1981	-	November 1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS^a OF SURVEY FINDINGS
(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	<u>700^b</u>	<u>1,400^c</u>	<u>2,100^d</u>
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

^aThe figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

^bAverage size of monthly surveys.

^cAverage size of two monthly surveys.

^dAverage size of three monthly surveys (one quarter).

December 5, 1986

NOVEMBER 1986 MONTHLY REPORT

Surveys of Consumer Attitudes

Richard T. Curtin, *Director***CONSUMER CONFIDENCE SLIPS**

- In the November 1986 survey, the Index of Consumer Sentiment fell to 91.4 from 95.6 one month earlier, although it remained just above the year earlier figure of 90.9. The recent loss has been due to less favorable evaluations of future prospects for the domestic economy. In addition, buying attitudes weakened, especially for vehicles. Overall, consumers expected that favorable conditions would be maintained, despite a lackluster outlook for the economy.
- Among families with incomes of \$30,000 or more, the Index fell to 97.5 in the November 1986 survey, from 102.8 one month earlier and 100.8 one year earlier, and was the lowest level recorded during the past three years.
- Favorable attitudes toward buying conditions for vehicles were held by 63 percent of all families in the November survey, down from 72 percent one month earlier, and 81 percent two months earlier. Unfavorable evaluations of vehicle buying conditions have nearly doubled during the past two months, rising from 16 percent in September to 31 percent in November. This represents a larger erosion in favorable attitudes than recorded last year after the end of special purchase incentives. The rather large decline in favorable vehicle buying attitudes must be viewed in light of two important factors: first, the recent two month decline is from the all-time peak; even at their current level, buying attitudes remain favorable compared with prior expansions. Second, since consumers have come increasingly to expect vehicle manufacturers to offer rebates and interest rate discounts on a regular basis, greater emphasis has been placed on the immediate availability of discount programs in making buying evaluations. This response will tend to exaggerate the month-to-month swings in attitudes.
- In the November 1986 survey, fewer consumers thought that the domestic economy had improved during the past year, and fewer thought that the economy would improve during the year ahead than any time during the past three years. Importantly, however, this situation is not significantly different than that recorded one year ago. In the November 1986 survey, nearly equal proportions of consumers expected better conditions as expected worse conditions in the overall economy (20 versus 19 percent), an only slightly less favorable balance than one year earlier (21 versus 18 percent). Overall, 53 percent of all families in the November 1986 survey expected the continuation of good times financially in the economy as a whole during the year ahead, unchanged from the year earlier reading.
- The primary problem associated with the domestic economy was job prospects. Although the majority of families continued to expect the national unemployment rate to remain largely unchanged during the year ahead (54 percent in November 1986, the same as the year earlier reading), the balance of opinion has grown increasingly negative. In the November 1986 survey, 34 percent of all families expected the unemployment rate to increase during the year ahead, three times the proportion that expected declines, and the most negative outlook recorded in more than three years.
- The proportion of families that expected improvement in their financial situation fell to 33 percent in November, from 37 percent one month earlier, and 36 percent one year earlier. There was not, however, a comparable rise in the number of families that expected to be worse off financially—12 percent in November, unchanged from one year earlier. The movement was toward more families that expected their financial situation to remain unchanged on balance, reported by 52 percent in November, up from 48 percent one year earlier.

Monitoring Economic Change Program

Institute for Social Research • P.O. Box 1248 • Ann Arbor, Michigan 48106-1248 • (313) 763-5224

1/14/87 07475-2A

SURVEYS OF CONSUMER ATTITUDES



Institute for Social Research

T A B L E S A N D C H A R T S

DECEMBER 1986

The December 1986 survey is the 221st in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

Two charts highlight recent changes and historical patterns for most questions. Recent change charts include quarterly data before 1978 and monthly data starting in January of 1978. Historical series charts show quarterly data before 1978 and 3 month moving averages since then. See the explanatory charts at the end of this book for a detailed description.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

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8	EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS
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12	CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO
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17	EXPECTED CHANGE IN UNEMPLOYMENT
18	EXPECTED CHANGE IN INTEREST RATES
19	EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS
20	OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY
21	BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS
22	SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS
23	BUYING CONDITIONS FOR HOUSES
24	SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES
25	BUYING CONDITIONS FOR CARS
26	SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT



CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

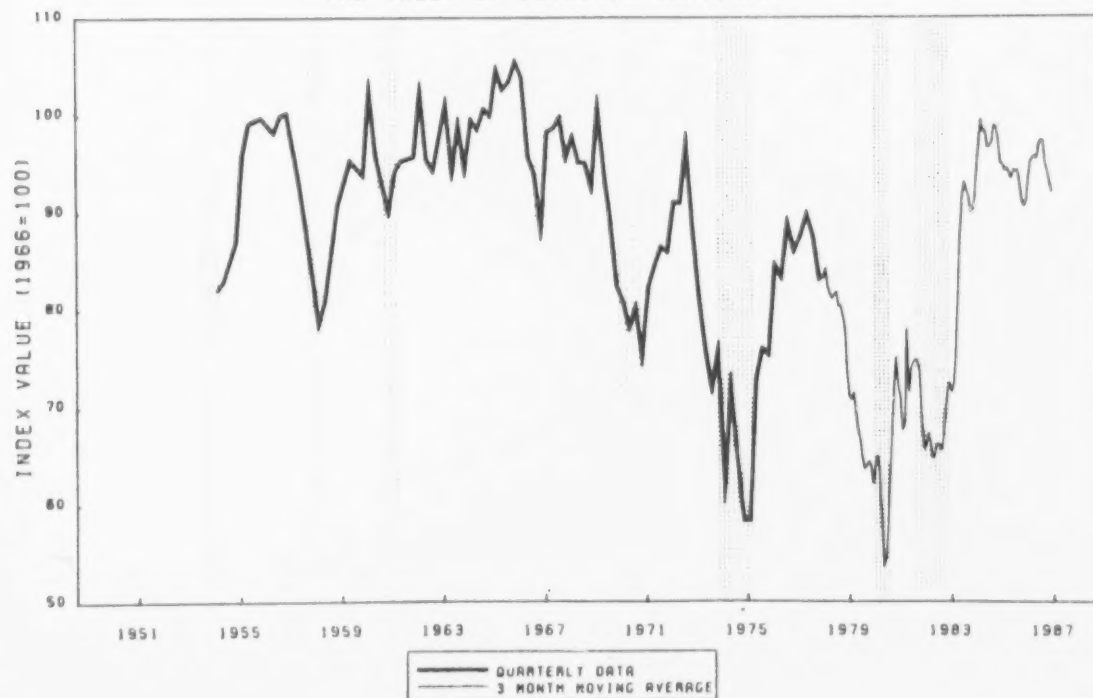


TABLE 1
THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	All families	Families with incomes over \$30,000	Families with incomes over \$40,000
December 1983	94.2	105.4	
January 1984	100.1	115.6	
February 1984	97.4	114.3	
March 1984	101.0	117.8	
April 1984	96.1	107.0	
May 1984	98.1	107.8	
June 1984	95.5	105.5	
July 1984	96.6	102.7	
August 1984	99.1	113.3	
September 1984	100.9	110.8	
October 1984	96.3	113.5	
November 1984	95.7	112.9	
December 1984	92.9	101.5	
January 1985	96.0	110.2	112.1
February 1985	93.7	113.8	113.8
March 1985	93.7	110.8	114.4
April 1985	94.6	108.9	114.9
May 1985	91.8	105.3	107.7
June 1985	96.5	107.4	110.3
July 1985	94.0	105.2	109.5
August 1985	92.4	106.7	110.2
September 1985	92.1	101.7	104.9
October 1985	88.4	99.6	107.4
November 1985	90.9	100.8	100.3
December 1985	93.9	106.0	108.3
January 1986	95.6	109.7	110.1
February 1986	95.9	107.8	109.0
March 1986	95.1	102.9	110.2
April 1986	96.2	106.9	111.0
May 1986	94.8	105.5	109.9
June 1986	99.3	110.6	112.4
July 1986	97.7	109.6	108.5
August 1986	94.9	105.0	106.6
September 1986	91.9	99.5	102.1
October 1986	95.6	102.8	105.5
November 1986	91.4	97.5	98.7
December 1986	89.1	98.7	98.3

CHART 2A - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

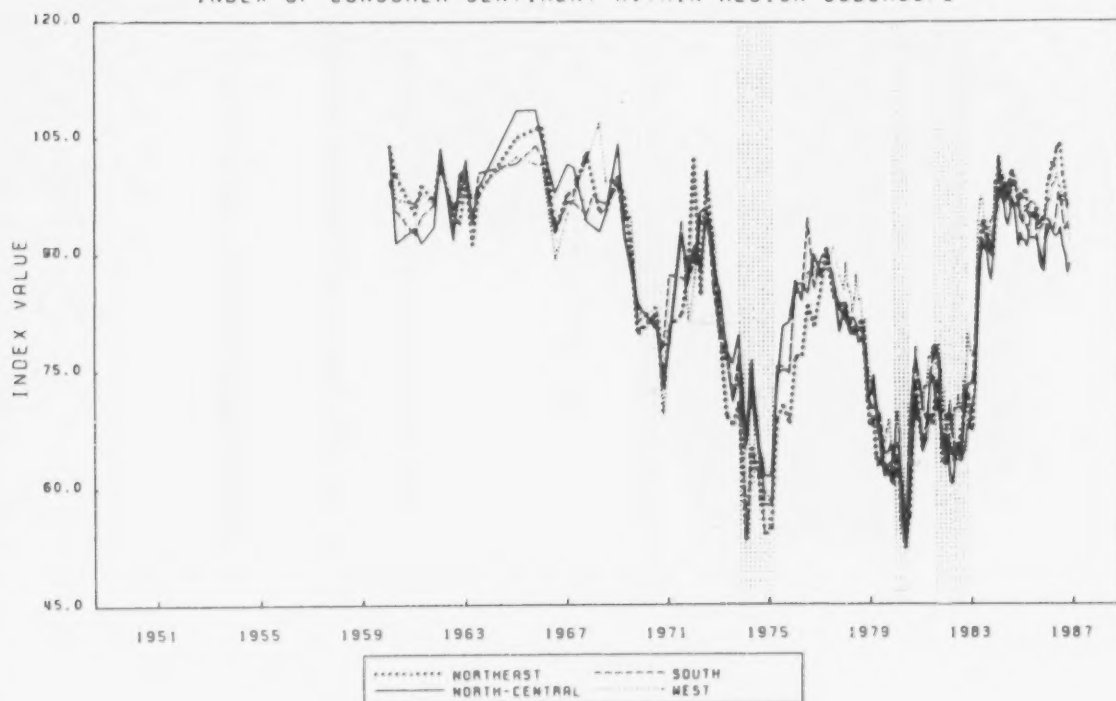


CHART 2B - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

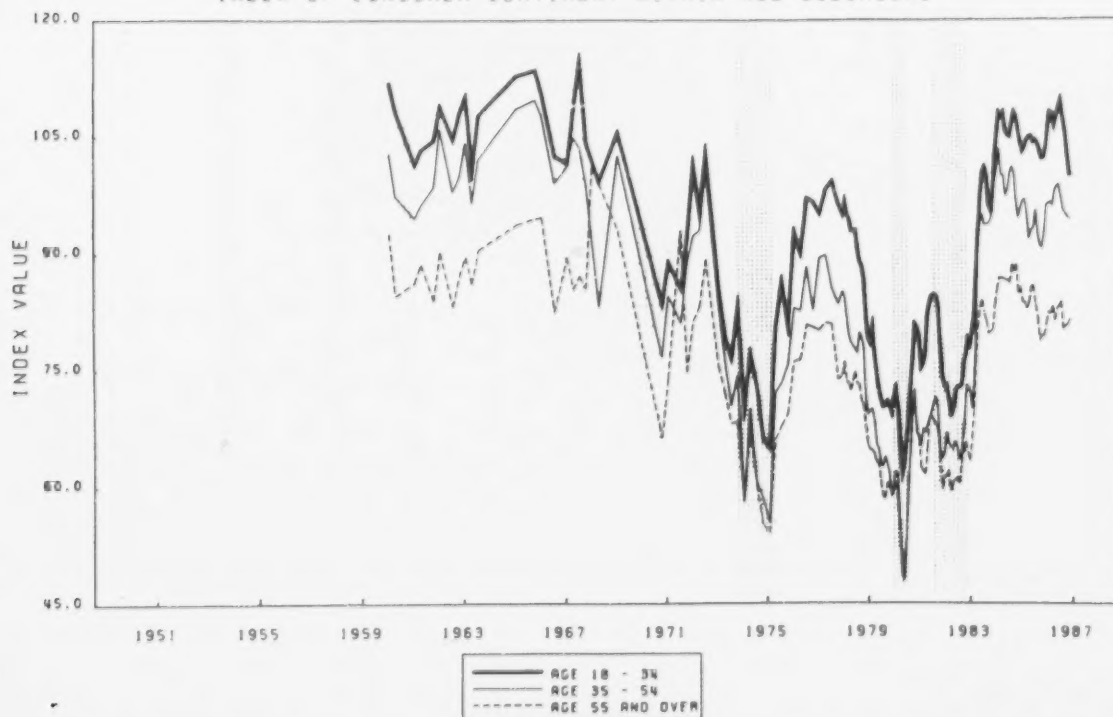


TABLE 2
INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY	CENSUS REGION				AGE OF RESPONDENT		
	North East	North Central	South	West	18-34	35-54	55+
December 1983	91.4	96.2	95.2	92.2	102.3	97.5	81.8
January 1984	100.7	96.8	97.5	107.5	107.9	106.0	87.4
February 1984	102.3	98.4	93.5	97.1	106.2	98.9	86.5
March 1984	104.8	98.5	102.1	97.5	109.9	105.2	86.6
April 1984	92.8	96.1	96.5	100.5	107.2	95.4	86.0
May 1984	98.8	96.3	96.5	103.9	107.5	98.8	86.6
June 1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July 1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August 1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September 1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October 1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November 1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December 1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January 1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February 1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March 1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April 1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May 1985	88.8	94.0	91.9	91.3	103.2	87.9	84.6
June 1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July 1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August 1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September 1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October 1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November 1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December 1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January 1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8
February 1986	103.4	92.7	93.2	98.0	109.7	94.1	83.8
March 1986	99.1	94.9	91.3	98.9	109.1	96.0	82.0
April 1986	102.7	92.3	94.4	99.5	104.8	97.8	83.6
May 1986	101.2	90.1	93.5	98.8	104.9	99.9	78.3
June 1986	106.2	94.1	98.5	102.7	112.7	97.9	86.6
July 1986	103.9	93.4	101.7	94.7	108.2	98.6	84.5
August 1986	102.5	92.6	90.5	98.2	107.9	95.2	80.1
September 1986	94.6	87.0	91.9	95.8	106.3	92.4	76.1
October 1986	99.1	90.0	96.5	99.3	102.5	97.3	85.7
November 1986	95.8	85.6	93.2	92.3	99.5	94.2	80.4
December 1986	91.8	90.4	89.5	84.0	98.0	91.3	78.3

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS



CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

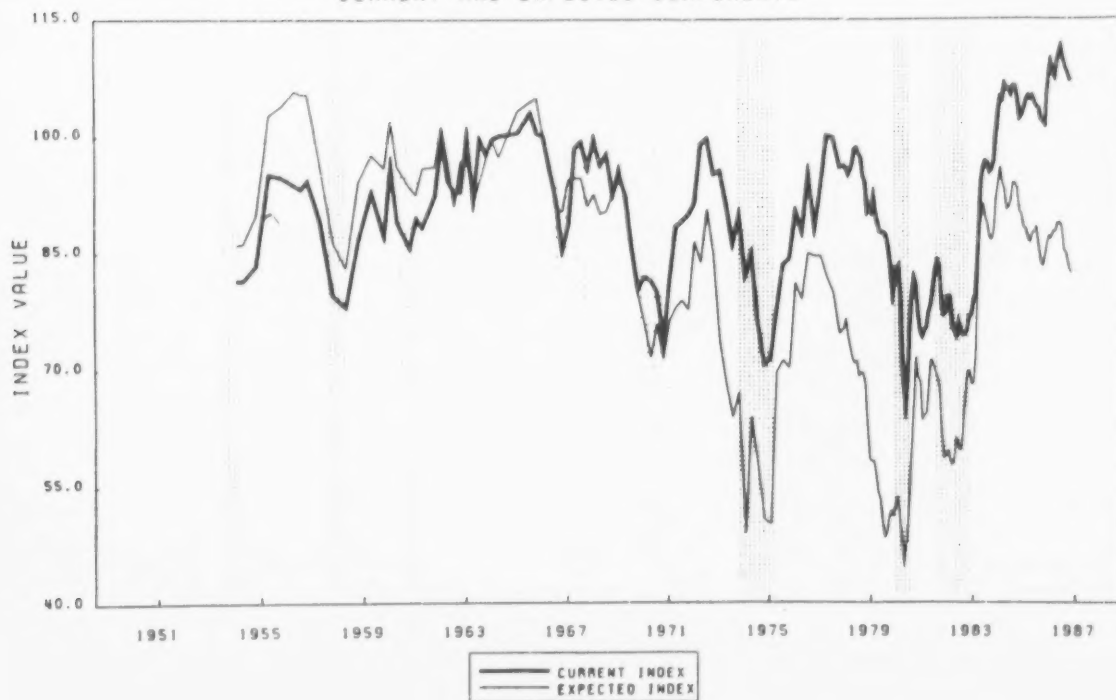


TABLE 3
COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	INDEX COMPONENTS +						
	Personal finances		Business conditions		Buying conds.	Current Index	Expected Index
	Current	Expected	12 months	5 years			
	(1)	(2)	(3)	(4)	(5)	(1,5)	(2,3,4)
December 1983	123	125	140	102	134	99.3	91.0
January 1984	117	129	154	108	155	104.9	97.0
February 1984	119	130	139	106	151	103.9	93.2
March 1984	122	135	146	113	153	106.0	97.7
April 1984	116	125	136	107	152	103.5	91.4
May 1984	121	129	131	105	164	109.8	90.6
June 1984	126	124	131	106	145	104.4	89.8
July 1984	117	124	133	113	152	103.9	91.9
August 1984	125	129	137	111	153	107.5	93.7
September 1984	125	131	142	116	154	107.8	96.4
October 1984	118	127	134	107	150	103.6	91.6
November 1984	121	129	132	107	144	102.4	91.5
December 1984	118	125	131	98	143	100.6	87.9
January 1985	119	124	135	104	153	104.9	90.3
February 1985	115	120	131	96	158	105.1	86.5
March 1985	112	123	133	96	156	103.7	87.3
April 1985	116	127	128	95	161	106.6	87.0
May 1985	116	120	121	97	152	103.7	84.2
June 1985	115	127	133	106	157	104.9	91.1
July 1985	116	124	129	98	154	104.3	87.4
August 1985	112	123	125	99	152	101.8	86.3
September 1985	116	124	118	96	155	104.3	84.2
October 1985	111	123	111	90	148	100.3	80.8
November 1985	111	124	120	96	150	100.7	84.5
December 1985	120	124	127	103	147	103.1	88.1
January 1986	122	123	126	93	168	111.8	85.3
February 1986	117	123	132	98	164	108.4	87.8
March 1986	120	124	129	96	160	107.9	86.9
April 1986	120	128	133	94	160	108.1	88.5
May 1986	117	129	131	92	158	106.2	87.5
June 1986	124	127	136	100	170	113.3	90.3
July 1986	126	130	131	94	165	112.1	88.5
August 1986	121	128	123	94	161	108.9	85.9
September 1986	120	127	115	84	161	108.3	81.3
October 1986	120	127	124	99	162	108.9	87.1
November 1986	121	121	120	87	155	106.7	81.6
December 1986	116	127	104	83	158	105.8	78.3

(1) See Table 4.

(2) See Table 6.

(3) See Table 15.

(4) See Table 16.

(5) See Table 21.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO



CHART 4 - HISTORICAL SERIES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO



TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
BETTER OFF	46%	45%	44%	44%	45%	42%	47%	49%	46%	45%	44%	43%	43%
SAME	28	32	29	32	30	33	29	28	28	30	32	35	30
WORSE OFF	26	23	27	24	25	25	23	23	25	25	24	22	27
DK,NA	*	*	*	*	*	*	1	*	1	*	*	*	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

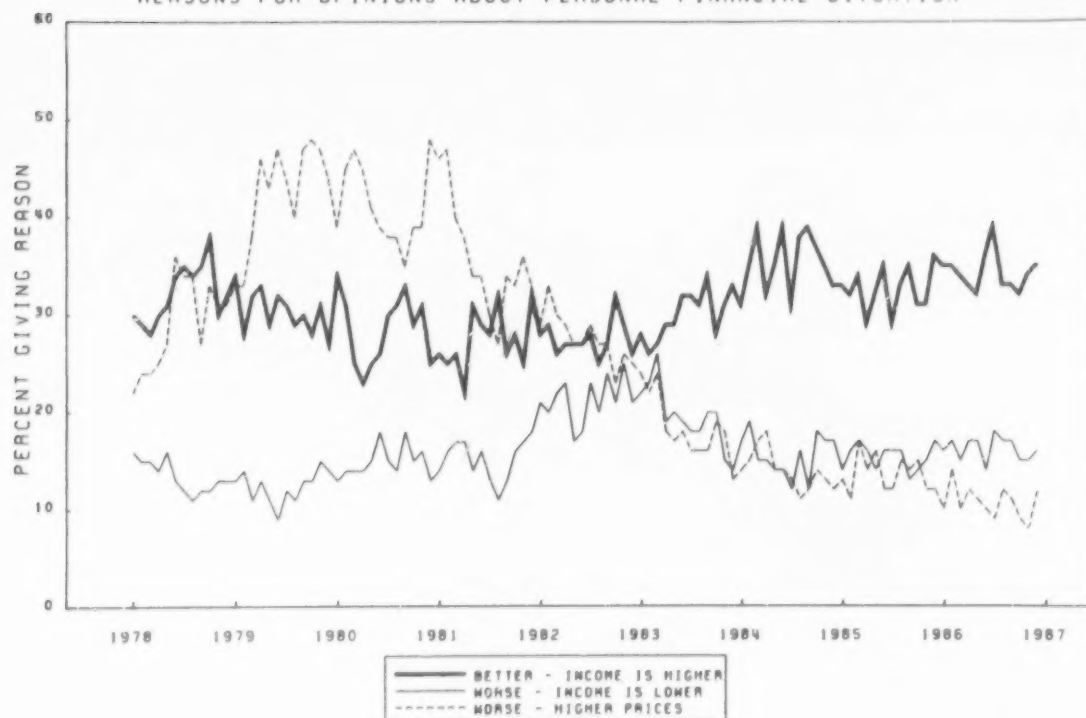


CHART 5 - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

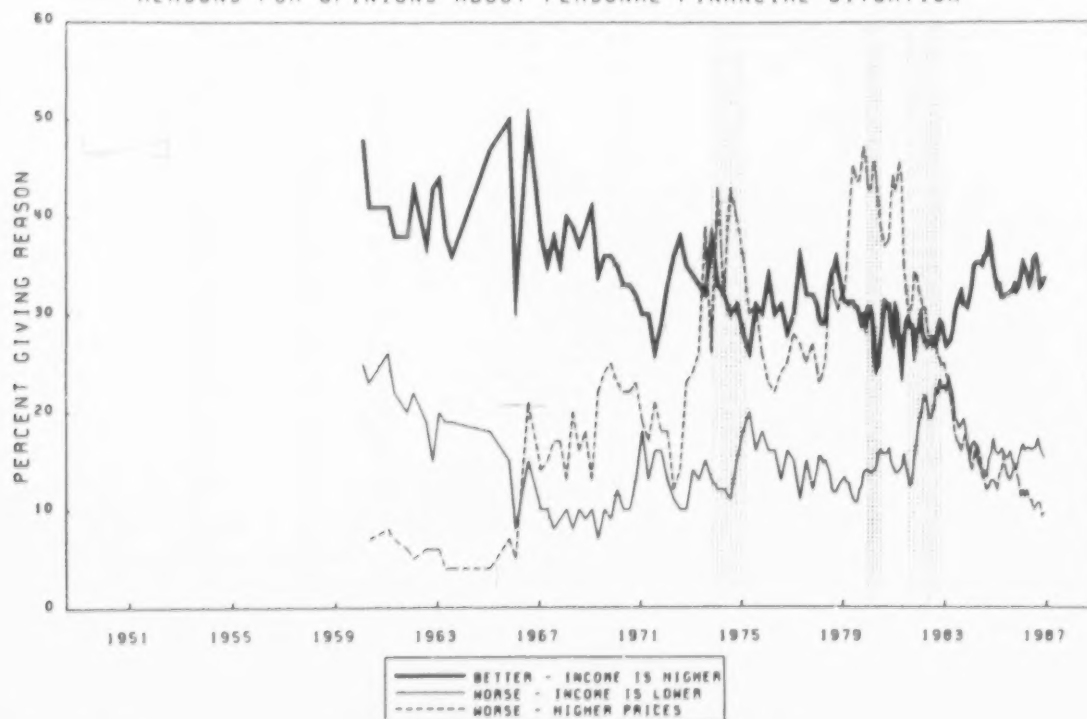


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
BETTER OFF THAN YEAR AGO:													
Income is higher	36%	35%	35%	34%	33%	32%	36%	39%	33%	33%	32%	34%	35%
WORSE OFF THAN YEAR AGO:													
Income is lower	17	16	17	15	17	17	14	18	17	17	15	15	16
Higher prices	12	10	14	10	12	11	10	9	12	11	9	8	12

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES
EXPECTED CHANGE IN FINANCIAL SITUATION

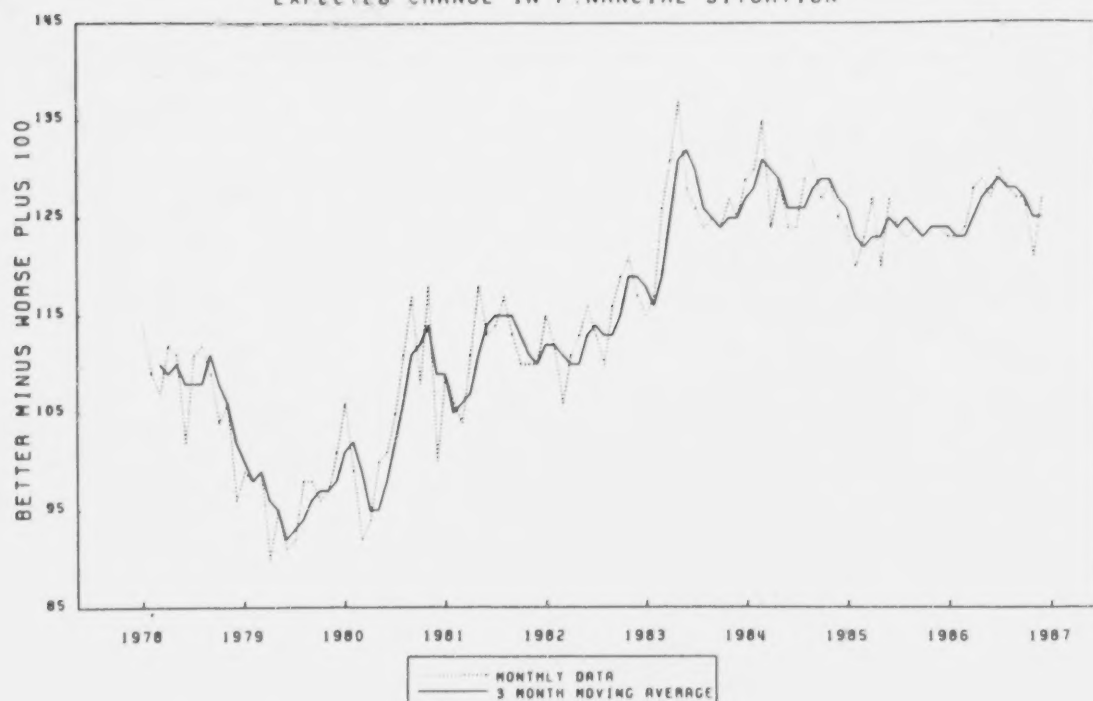


CHART 6 - HISTORICAL SERIES
EXPECTED CHANGE IN FINANCIAL SITUATION

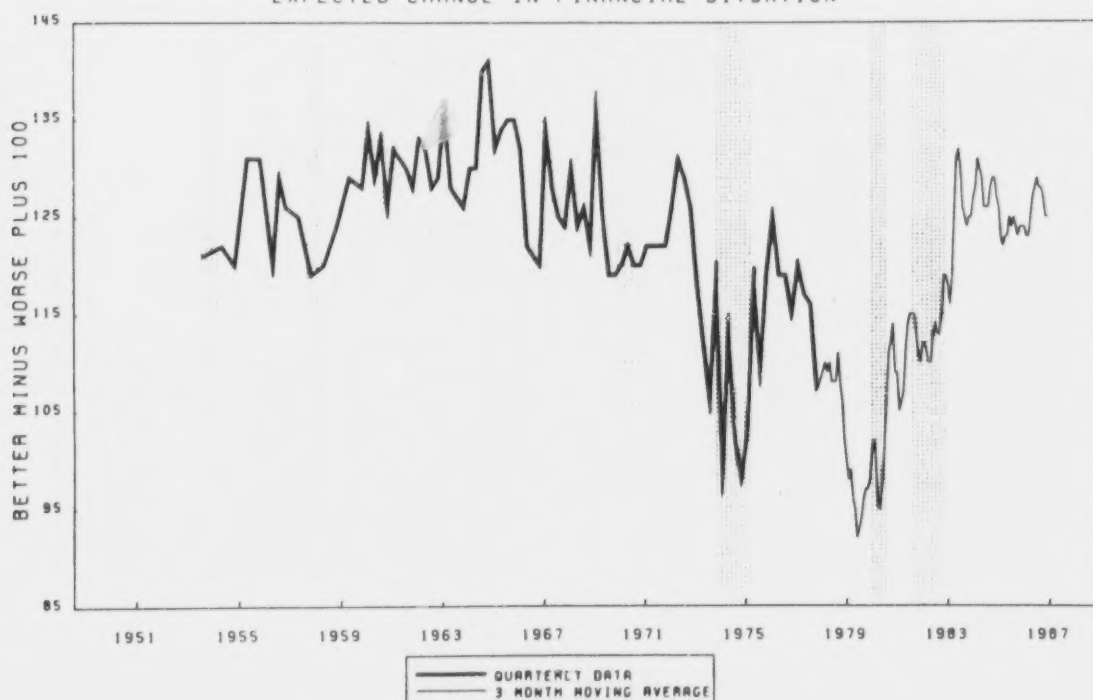


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
BETTER OFF	33%	35%	35%	37%	38%	40%	38%	38%	39%	38%	37%	33%	36%
SAME	55	50	50	47	49	47	49	52	48	47	51	52	52
WORSE OFF	9	12	12	13	10	11	11	8	11	11	10	12	9
DK,NA	3	3	3	3	3	2	2	2	2	4	2	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION

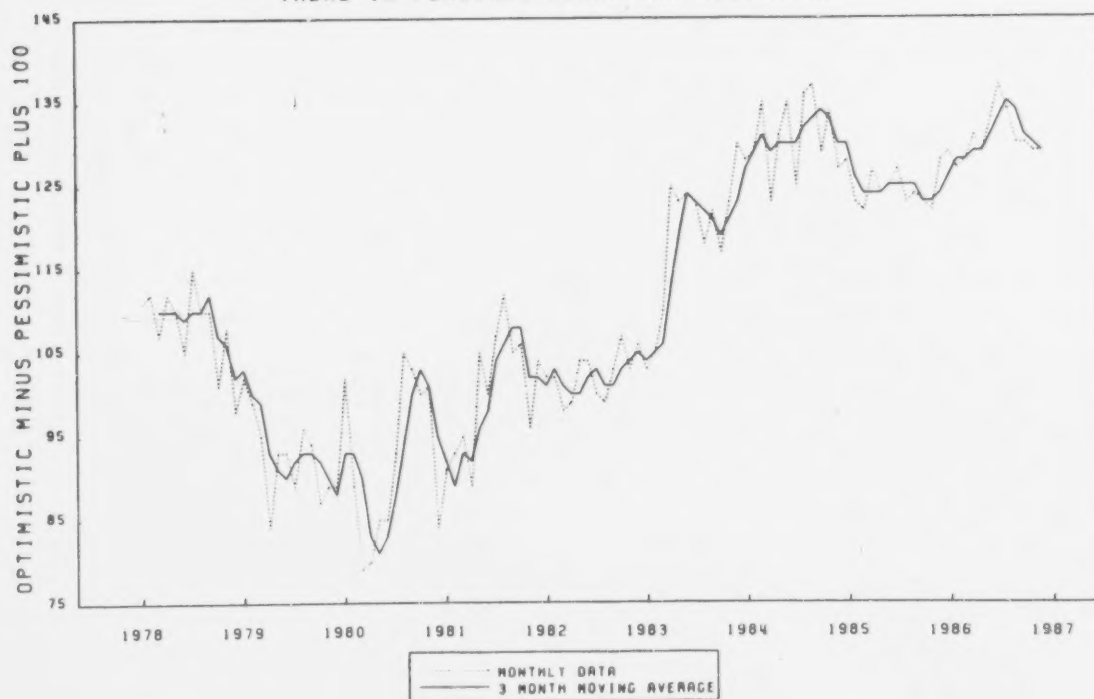


CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION

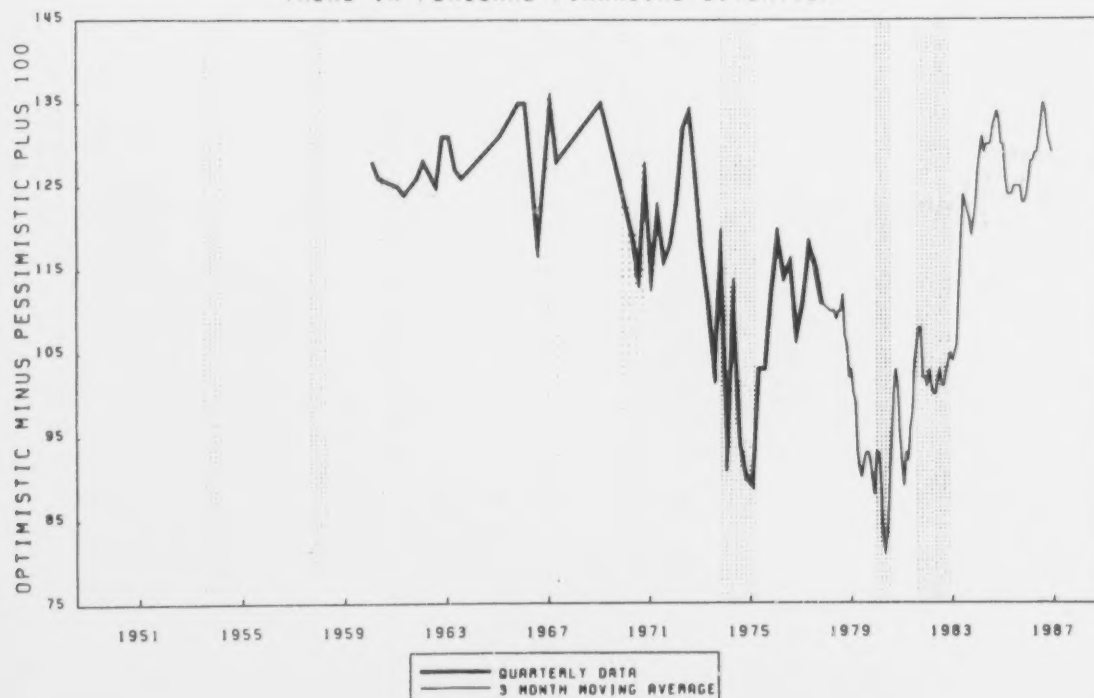


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	20%	21%	20%	22%	23%	22%	22%	23%	21%	21%	22%	18%	18%
Intermittant increase (b)	29	29	29	27	28	26	29	29	32	29	27	29	29
Remain unchanged (c)	18	18	16	18	16	19	18	19	15	16	19	22	19
Intermittant decline (d)	17	16	16	14	16	15	14	12	13	15	16	13	14
Continuous decline (e)	4	5	6	7	4	4	4	3	6	5	3	5	4
Mixed change (f)	10	9	11	9	10	11	11	11	11	10	11	10	13
DK,NA	2	2	2	3	3	3	2	3	2	4	2	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
 (b) Better/Same or Same/Better
 (c) Same/Same
 (d) Worse/Same or Same/Worse
 (e) Worse/Worse
 (f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

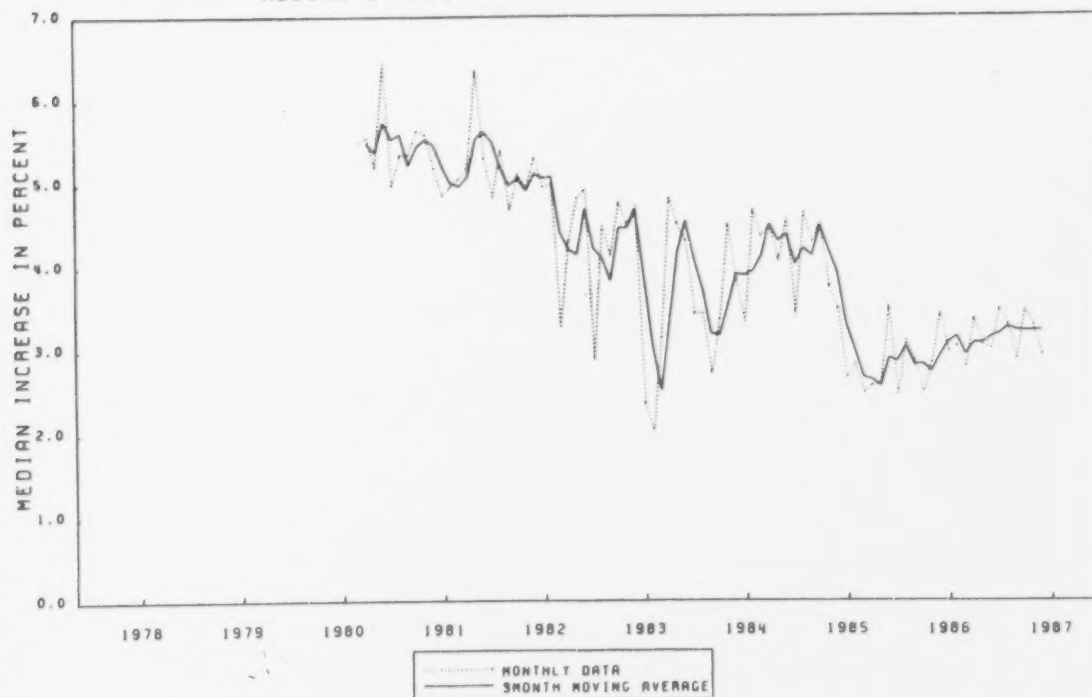


CHART 8 - HISTORICAL SERIES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

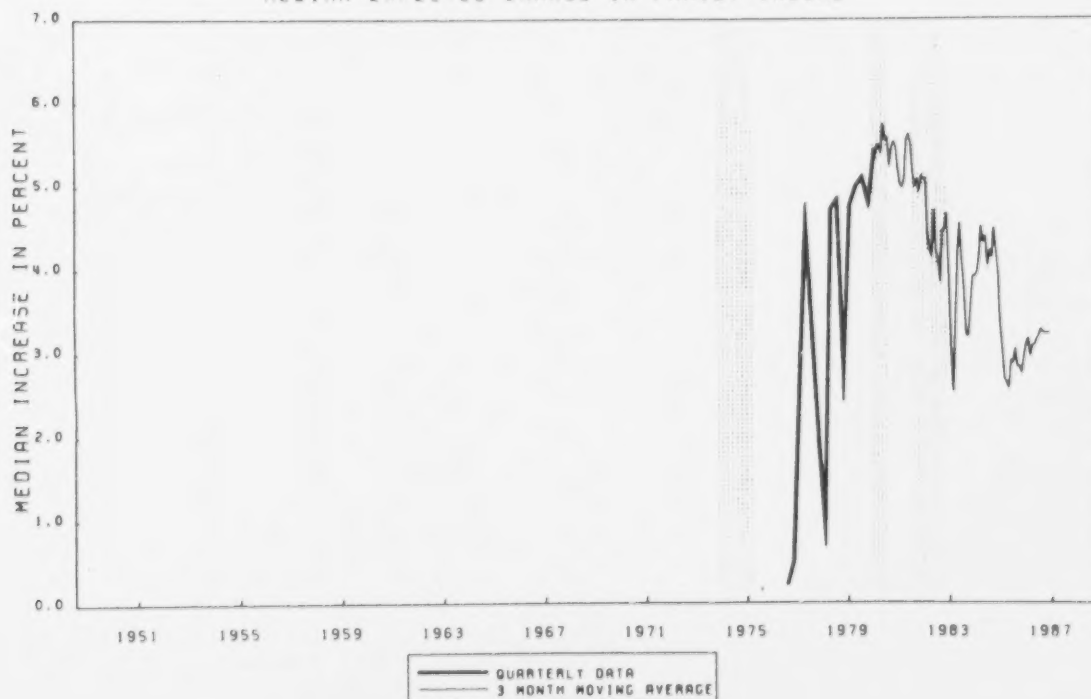


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
EXPECT INCREASE:													
1-4%	14%	11%	17%	16%	13%	16%	15%	15%	16%	16%	14%	17%	18%
5%	11	12	10	10	9	9	11	12	11	15	12	13	12
6-9%	8	7	8	6	8	10	8	8	7	7	6	9	8
10-24%	17	16	16	14	19	15	15	17	14	15	19	15	14
25% or more	6	7	6	7	7	6	7	8	9	4	7	6	6
DK how much up	5	4	3	4	3	3	3	4	5	3	3	4	4
EXPECT SAME	25	28	27	27	25	25	25	22	24	26	26	23	26
EXPECT DOWN	12	14	12	15	15	14	14	14	13	13	12	12	12
DK,NA	2	1	1	1	1	2	2	*	1	1	1	1	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

* : Less than half of one percent.

CHART 9 - RECENT CHANGES
INCOME OR PRICES UP MORE NEXT YEAR

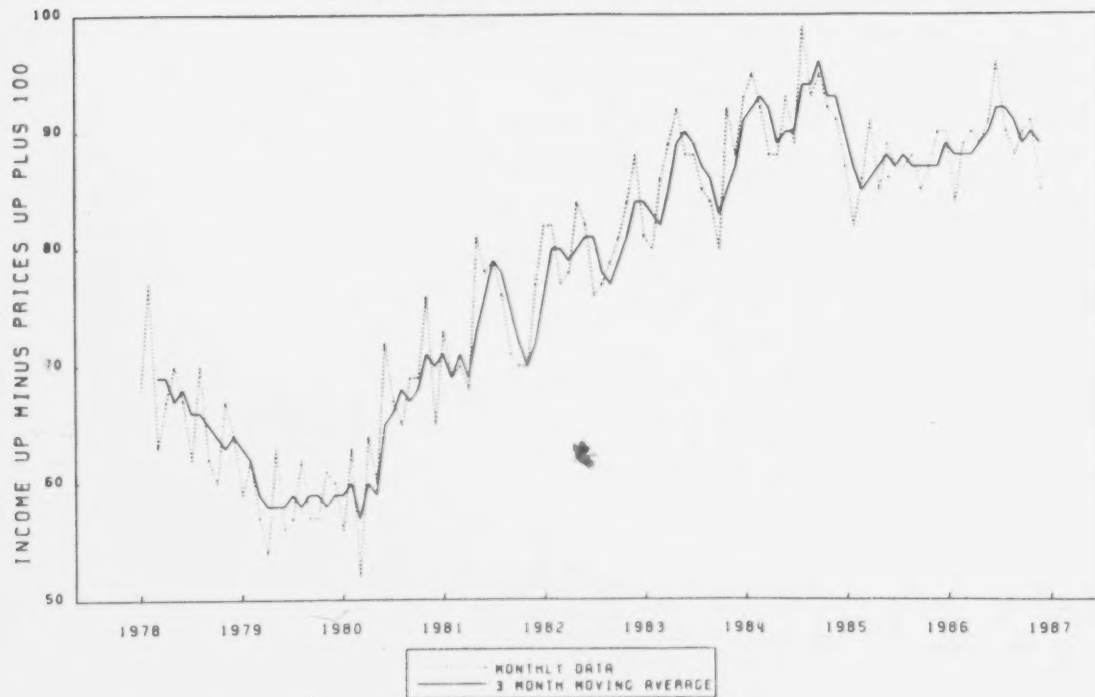


CHART 9 - HISTORICAL SERIES
INCOME OR PRICES UP MORE NEXT YEAR

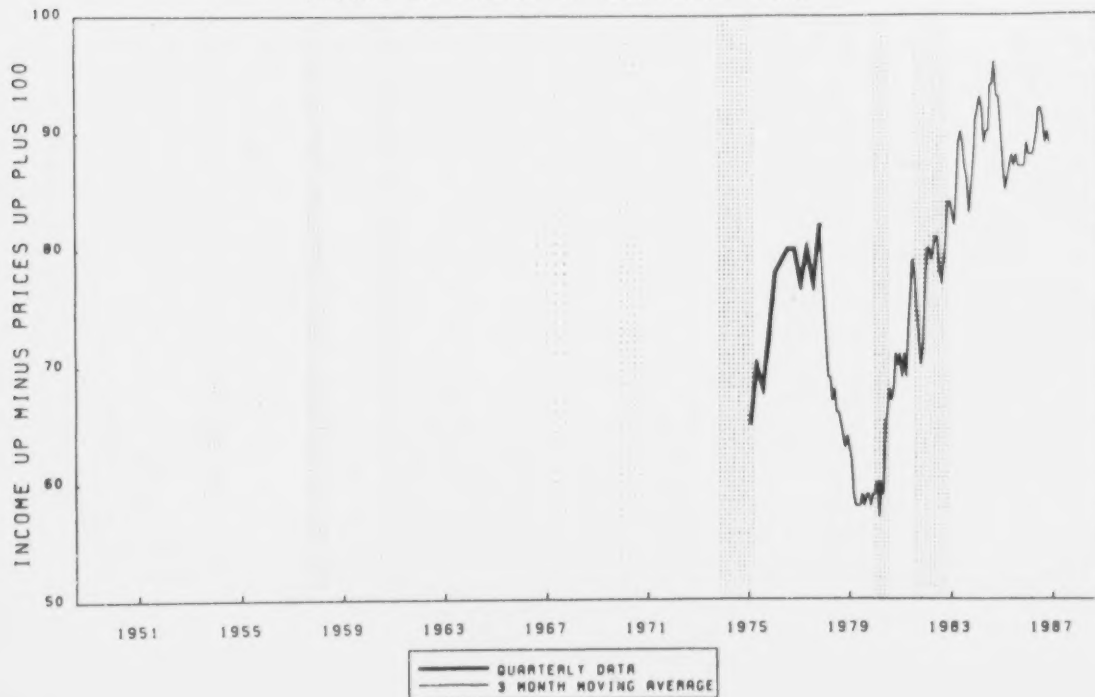


TABLE 9
EXPECTED CHANGE IN REAL FAMILY INCOME

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
INCOME UP MORE	23%	21%	19%	21%	21%	21%	23%	24%	22%	20%	22%	21%	19%
INCOME UP SAME	42	47	43	44	45	44	43	47	44	47	45	47	45
PRICES UP MORE	33	31	35	32	31	32	32	28	32	32	32	30	34
DK,NA	2	1	3	3	3	3	2	1	2	1	1	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

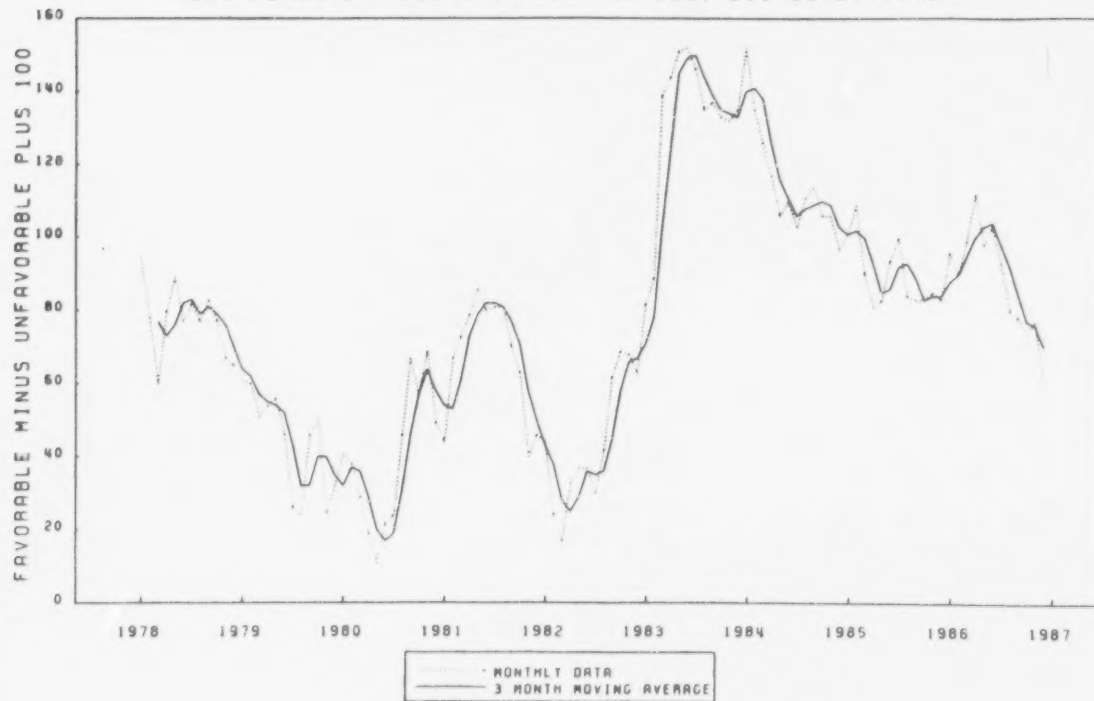


CHART 10 - HISTORICAL SERIES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS



TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
FAVORABLE NEWS	33%	37%	34%	46%	55%	42%	42%	37%	33%	29%	26%	30%	22%
UNFAVORABLE NEWS	50	41	44	47	43	44	39	44	53	51	52	53	62
NO MENTIONS	47	47	46	43	38	44	46	45	44	49	48	47	44

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

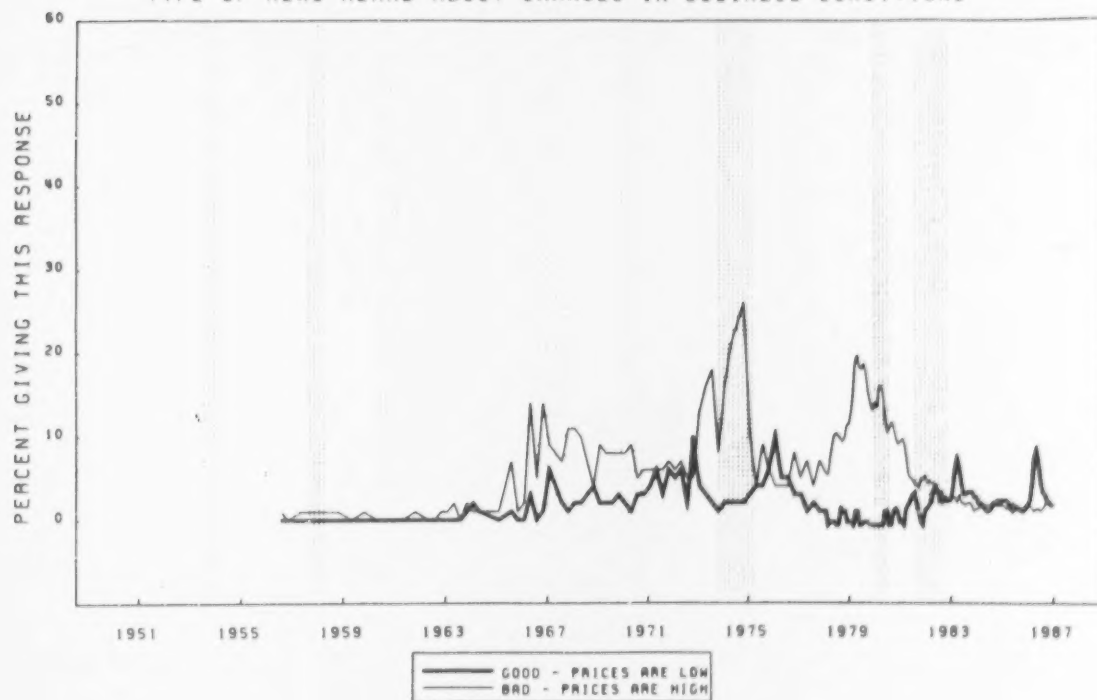


CHART 11B - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

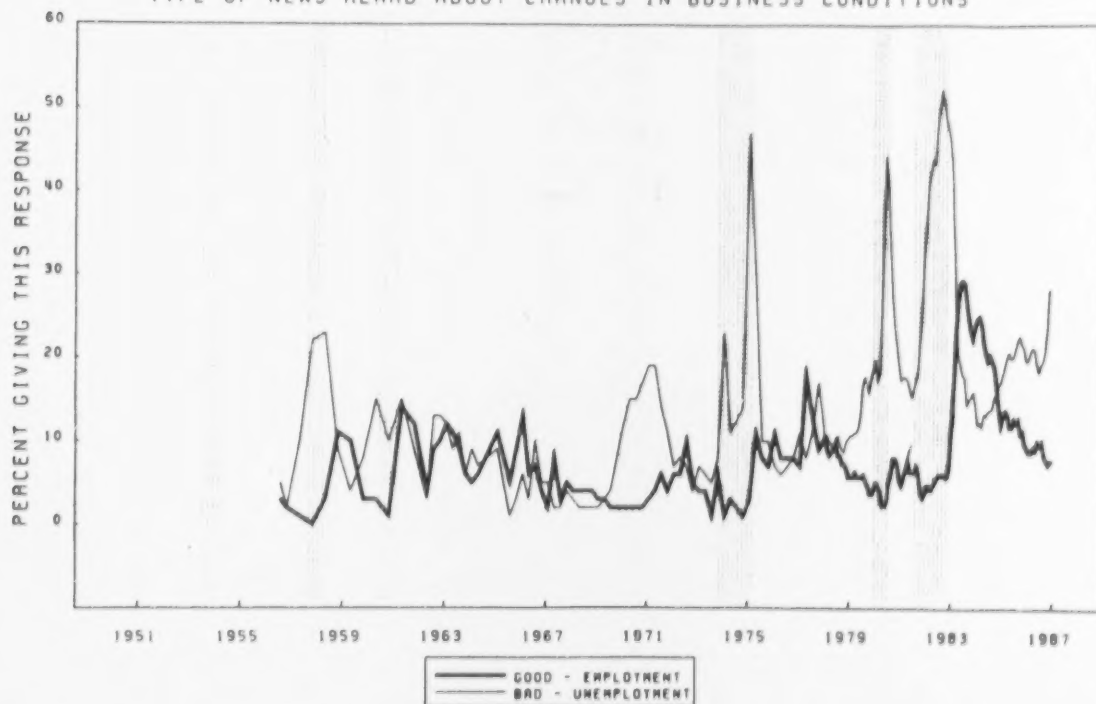


TABLE 11
SELECTED ITEMS OF
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
FAVORABLE NEWS:													
Government; elections	2%	2%	2%	*	1%	2%	3%	3%	2%	2%	1%	3%	1%
Employment	8	8	10	8	10	9	11	9	10	6	7	9	7
Higher consumer demand	3	3	1	3	3	2	2	1	3	2	3	2	2
Lower prices	2	2	3	8	11	6	3	4	3	2	2	2	1
Easier credit	7	9	8	15	17	11	9	11	7	11	8	5	5
UNFAVORABLE NEWS:													
Government; elections	5	5	3	3	3	3	4	5	5	6	8	6	8
Unemployment	20	18	21	23	20	20	18	19	21	19	23	29	33
Lower consumer demand	5	3	1	2	2	3	2	1	2	1	2	2	4
Higher prices	2	2	1	1	1	2	1	*	3	2	2	1	2
Tighter credit	2	1	*	*	1	1	2	1	1	1	*	1	1
Energy crisis	*	*	*	*	*	1	*	*	*	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO



CHART 12 - HISTORICAL SERIES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO



TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
BETTER NOW	52%	52%	51%	53%	61%	54%	60%	53%	47%	47%	47%	45%	40%
SAME	16	17	15	13	9	13	8	14	14	13	15	16	13
WORSE NOW	31	29	32	32	29	31	30	31	37	39	35	37	45
DK,NA	1	2	2	2	1	2	2	2	2	1	3	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR



CHART 13 - HISTORICAL SERIES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

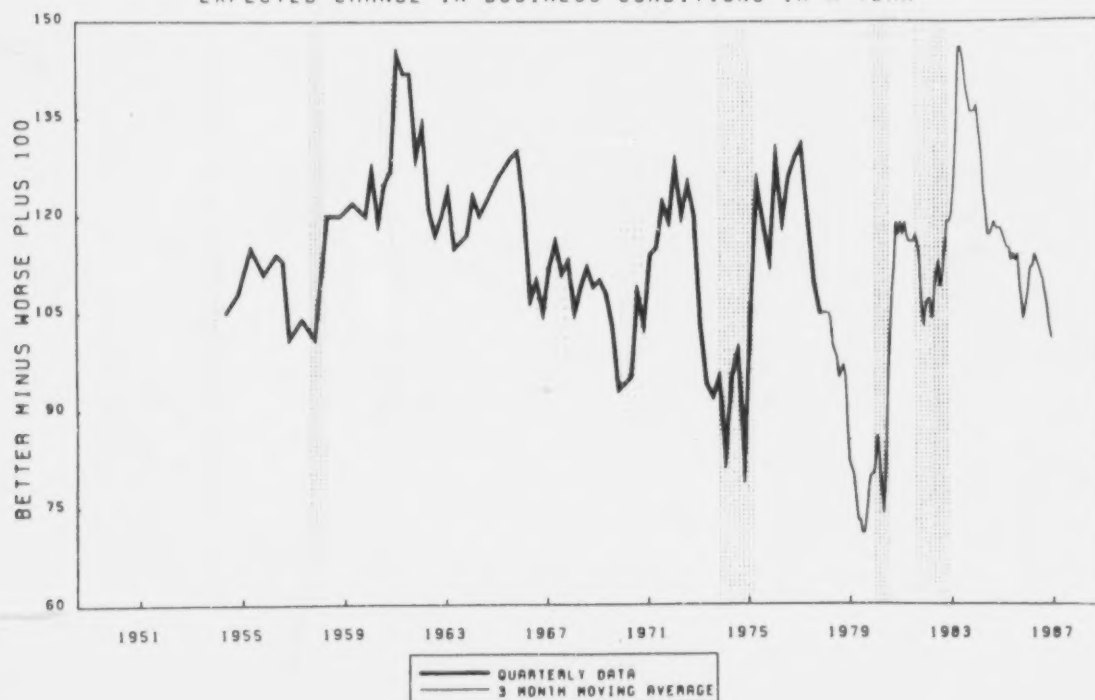


TABLE 13

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
BETTER	27%	24%	27%	29%	29%	26%	25%	24%	26%	23%	21%	20%	20%
SAME	58	58	59	53	55	57	60	60	56	55	59	59	56
WORSE	14	16	12	16	15	14	14	14	17	18	18	19	22
DK,NA	1	2	2	2	1	3	1	2	1	4	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

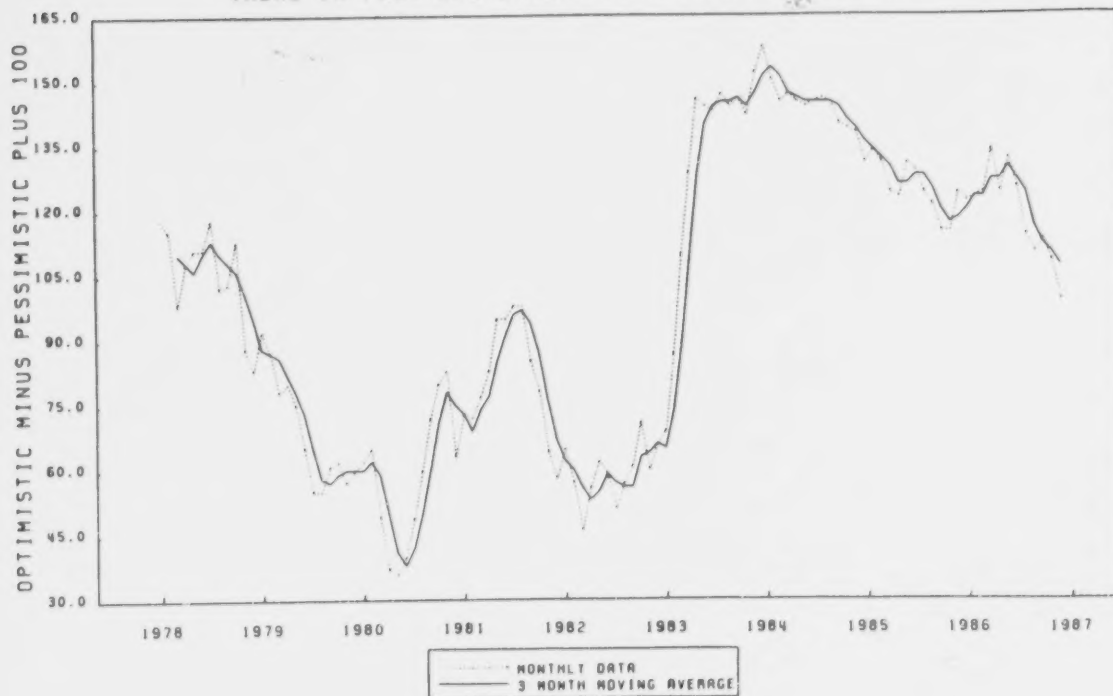


CHART 14 - HISTORICAL SERIES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

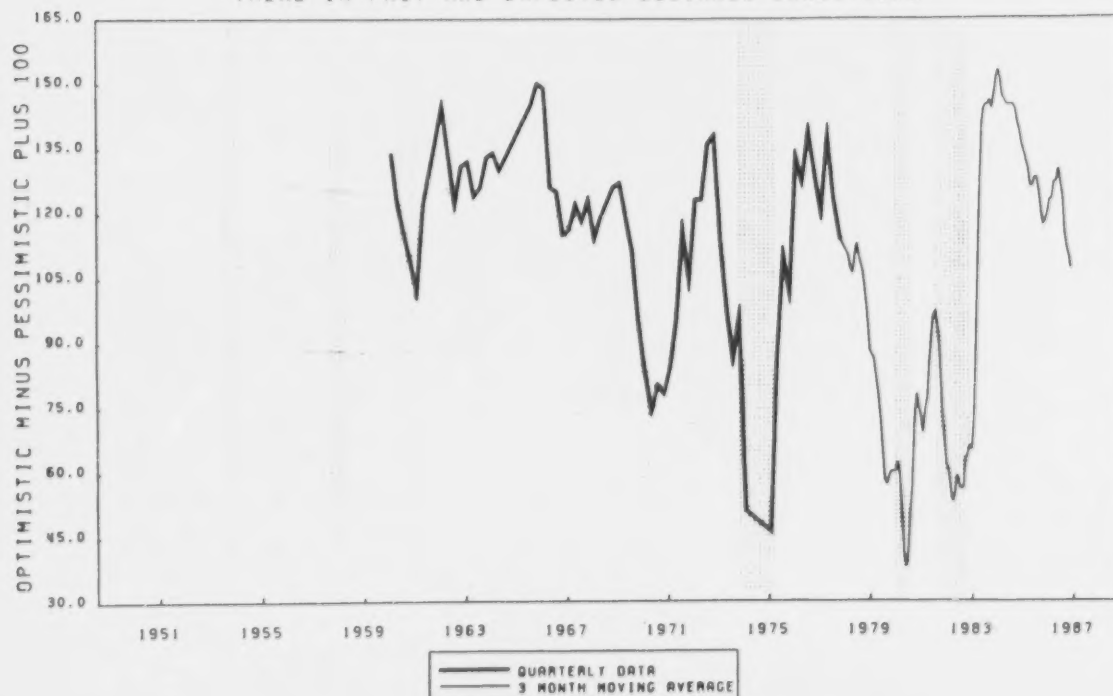


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
TREND:													
Continuous increase (a)	19%	16%	19%	20%	23%	19%	18%	16%	17%	15%	13%	12%	12%
Intermittant increase (b)	33	33	33	32	35	33	41	36	29	29	31	30	27
Remain unchanged (c)	10	11	10	7	7	8	5	10	10	8	10	10	10
Intermittant decline (d)	19	19	20	18	14	20	17	18	20	22	21	23	23
Continuous decline (e)	9	8	9	10	10	8	10	9	12	12	10	11	17
Mixed change (f)	7	10	6	10	8	9	7	8	9	10	11	11	7
DK,NA	3	3	3	3	3	3	2	3	3	4	4	3	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
 (b) Better/Same or Same/Better
 (c) Same/Same
 (d) Worse/Same or Same/Worse
 (e) Worse/Worse
 (f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS



CHART 15 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS



TABLE 15
BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
GOOD TIMES	57%	58%	61%	58%	61%	60%	62%	61%	55%	50%	55%	53%	45%
UNCERTAIN; GOOD & BAD	4	3	2	3	2	2	2	3	4	3	3	3	2
BAD TIMES	30	32	29	29	28	29	26	30	32	35	31	33	41
DON'T KNOW	7	5	4	7	6	5	6	4	5	8	4	5	5
NOT ASCERTAINED	2	2	4	3	3	4	4	2	4	4	7	6	7
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS



CHART 16 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS



TABLE 16
BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
GOOD TIMES	40%	39%	42%	39%	36%	37%	40%	38%	39%	33%	41%	35%	33%
UNCERTAIN; GOOD & BAD	17	12	11	13	18	14	14	13	10	11	13	14	13
BAD TIMES	37	46	44	43	42	45	40	44	45	49	42	48	50
NOT ASCERTAINED	6	3	3	5	4	4	6	5	6	7	4	3	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT



CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

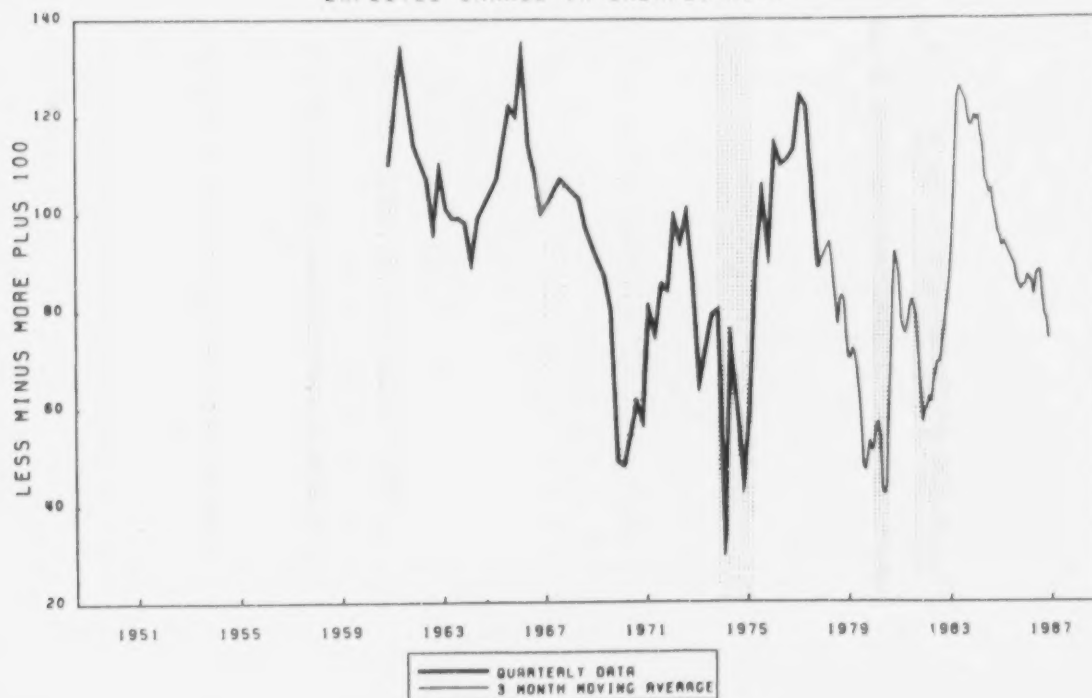


TABLE 17
EXPECTED CHANGE IN UNEMPLOYMENT

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
LESS	15%	15%	19%	17%	15%	14%	20%	15%	13%	11%	10%	11%	11%
SAME	54	54	51	48	51	54	53	56	54	54	55	54	46
MORE	30	30	29	33	32	31	26	27	32	32	33	34	42
DK,NA	1	1	1	2	2	1	1	2	1	3	2	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

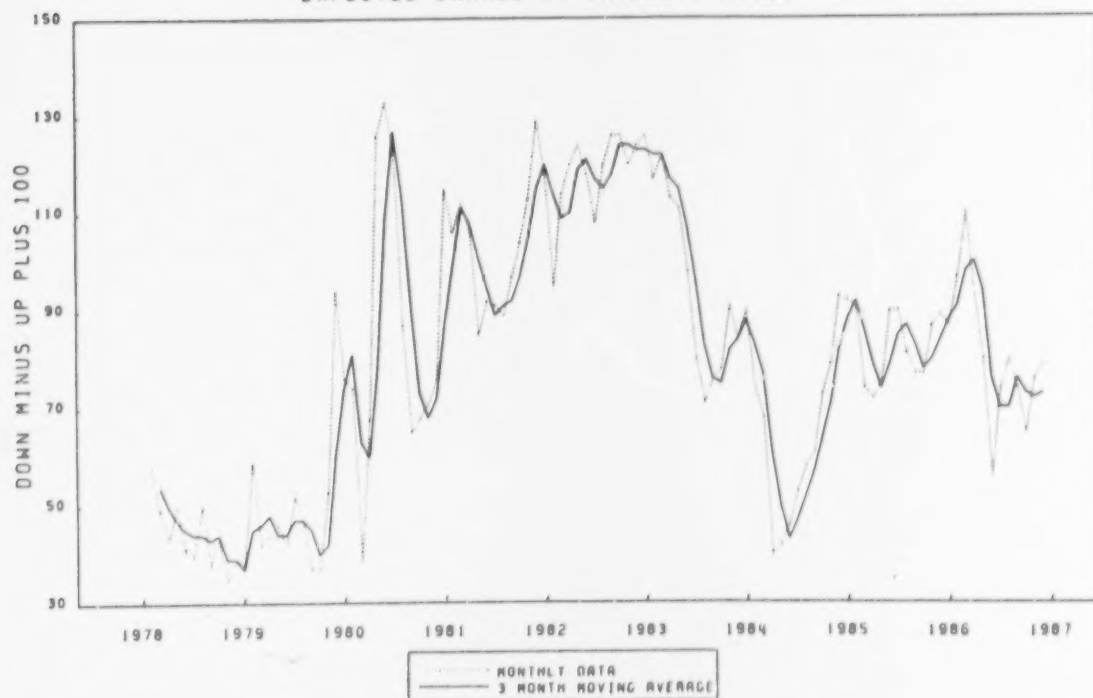


CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

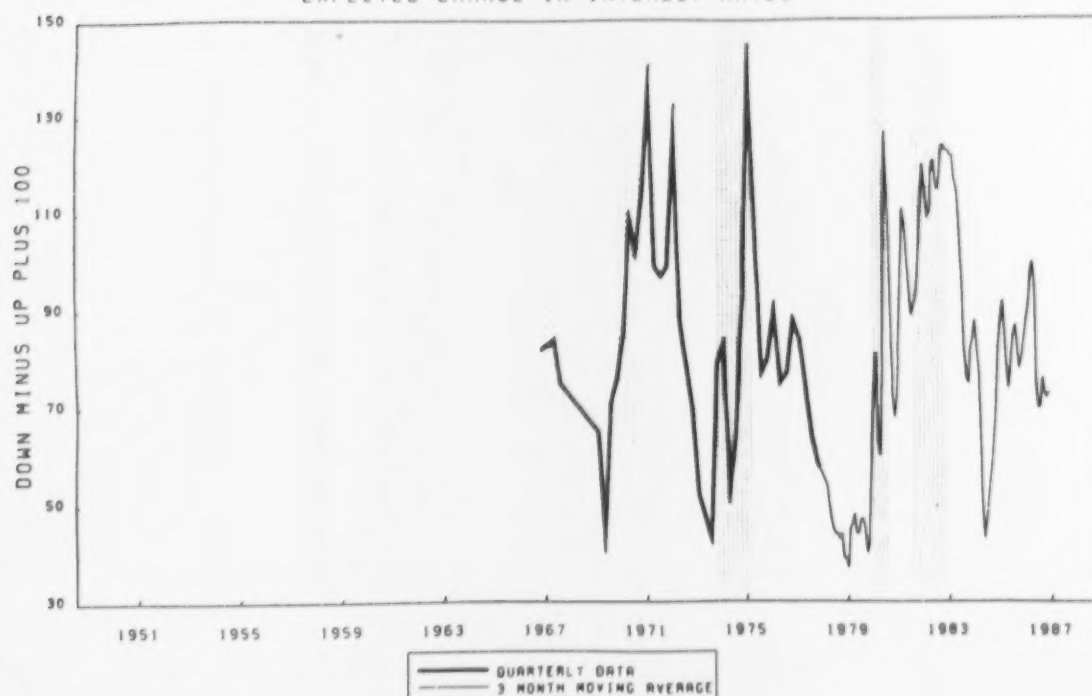


TABLE 18
EXPECTED CHANGE IN INTEREST RATES

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
GO UP	36%	38%	30%	26%	35%	41%	54%	45%	42%	49%	50%	43%	41%
STAY THE SAME	37	34	40	35	34	35	34	35	34	26	33	37	37
GO DOWN	25	25	27	36	28	21	10	19	22	23	15	19	20
DK,NA	2	3	3	3	3	3	2	1	2	2	2	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS



CHART 19 - HISTORICAL SERIES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS



TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
SAME OR DOWN	21%	24%	28%	36%	35%	31%	22%	29%	21%	23%	22%	22%	20%
WILL GO UP BY:													
1-2%	11	16	16	13	15	13	20	13	18	18	17	19	18
3-4%	22	24	19	16	18	22	20	23	24	23	19	25	23
5%	18	14	17	15	11	14	16	16	14	16	21	15	17
6-9%	6	6	6	4	5	5	6	5	7	5	5	6	7
10-14%	9	6	5	6	7	6	6	5	8	5	8	7	6
15% or more	7	5	3	3	4	3	4	4	4	3	2	2	4
DK how much up	5	4	4	6	4	4	5	4	4	6	5	3	4
DK,NA	1	1	2	1	1	2	1	1	*	1	1	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	5.0	4.2	3.7	3.2	3.6	3.4	3.8	3.7	4.3	3.5	3.8	3.6	4.1
VARIANCE	43	47	38	39	42	27	23	32	38	18	17	28	32
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 20 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

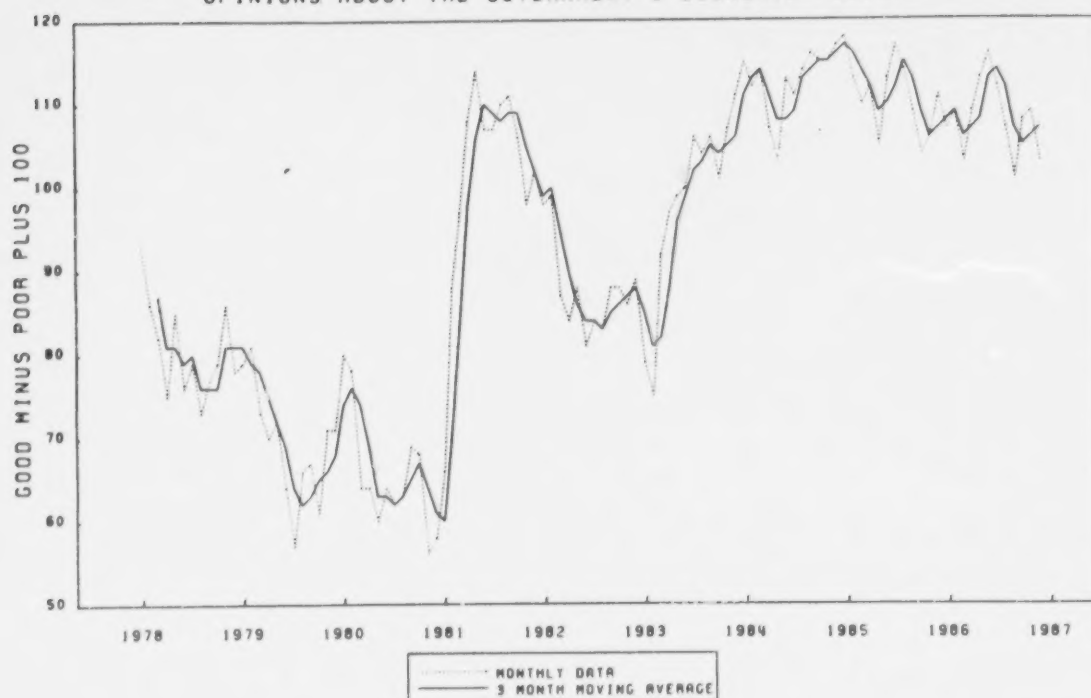


CHART 20 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

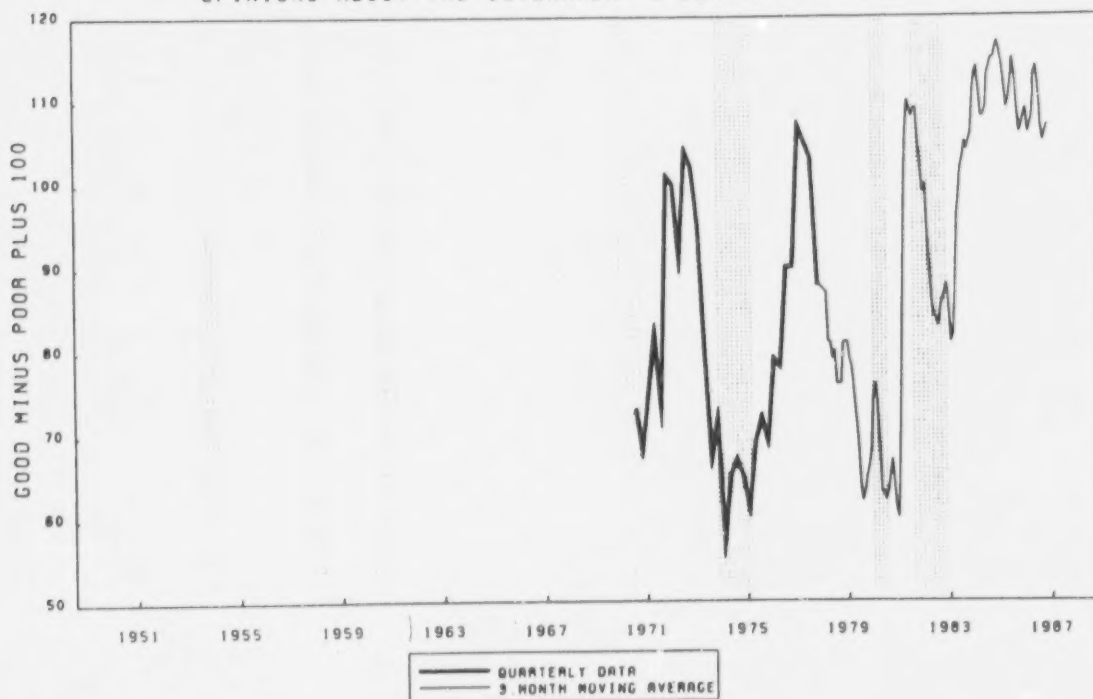


TABLE 20

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
A GOOD JOB	28%	27%	29%	25%	29%	30%	33%	29%	28%	22%	27%	28%	26%
ONLY FAIR	53	52	48	51	50	49	49	52	50	54	52	51	49
A POOR JOB	17	20	20	22	20	17	17	17	21	21	19	19	23
DK,NA	2	1	3	2	1	4	1	2	1	3	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS



CHART 21 - HISTORICAL SERIES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

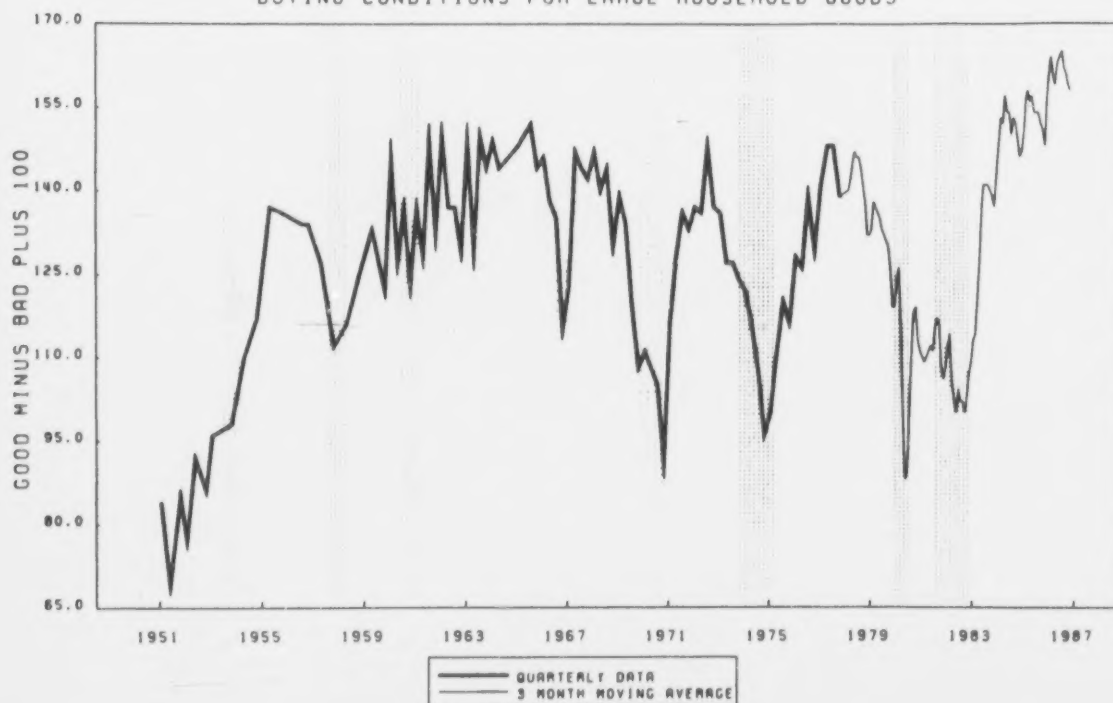


TABLE 21

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
GOOD TIME TO BUY	69%	80%	78%	75%	75%	75%	81%	79%	77%	76%	76%	72%	75%
UNCERTAIN, DEPENDS	9	8	8	10	10	8	8	7	7	9	10	11	8
BAD TIME TO BUY	22	12	14	15	15	17	11	14	16	15	14	17	17
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

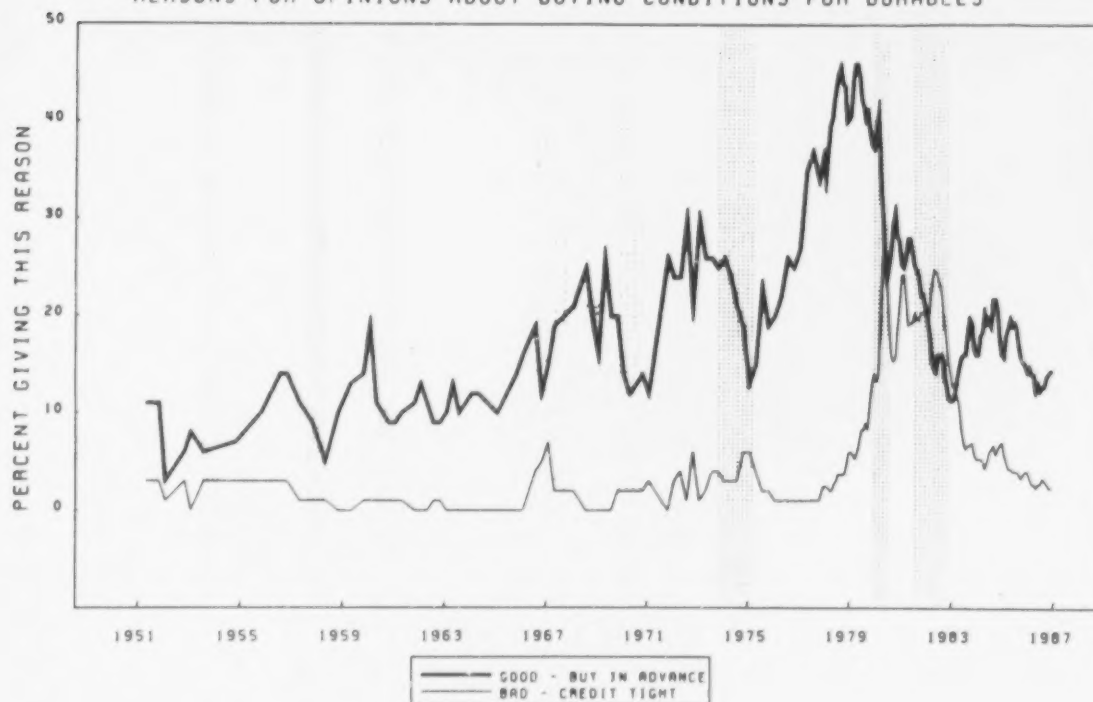


CHART 22B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

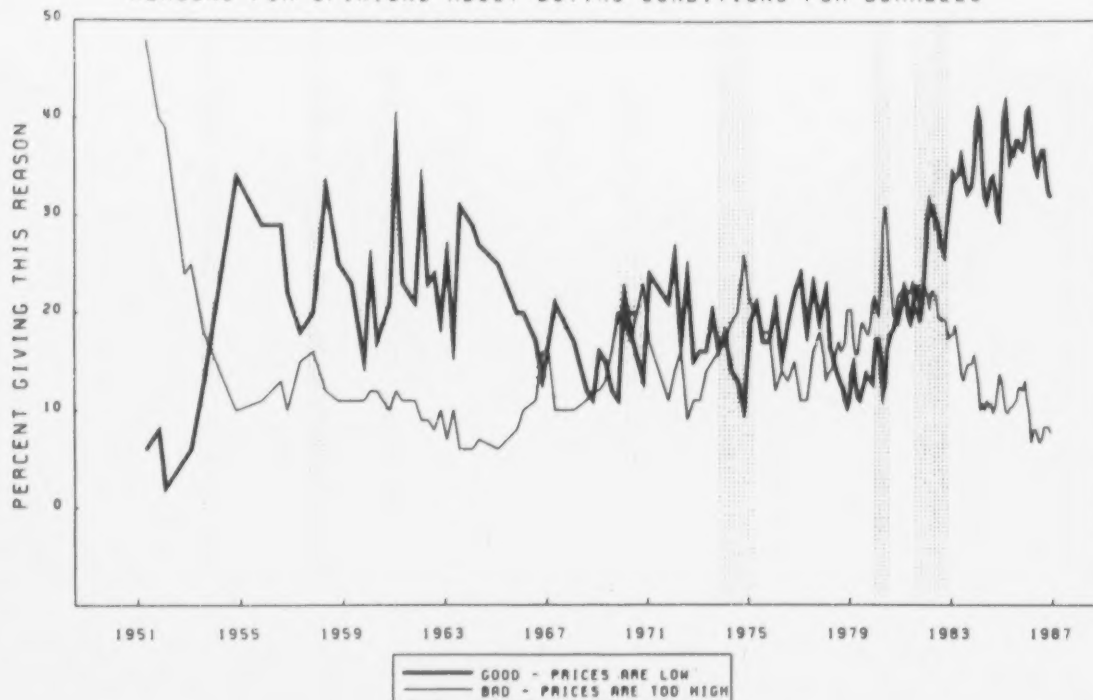


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	42%	43%	38%	37%	35%	33%	35%	40%	35%	35%	33%	30%	33%
Prices won't come down; are going higher	14	13	17	12	13	12	14	11	13	14	14	14	15
Interest rates low; credit is easy	12	18	20	21	29	31	31	26	26	29	26	25	18
BAD TIME TO BUY:													
Prices are high	17	5	7	8	9	7	6	7	8	10	7	8	8
Interest rates are high; credit is tight	4	3	3	2	3	2	3	3	4	2	2	3	2
Lack of purchasing power	5	6	6	8	7	9	5	6	7	8	7	8	6

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

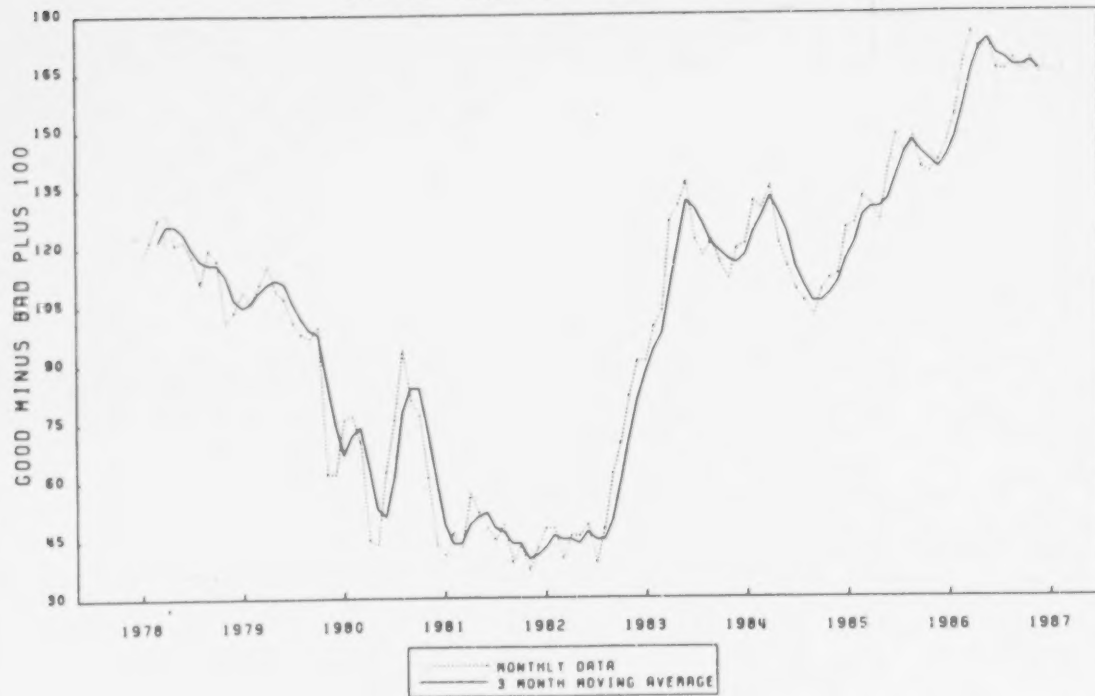


CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

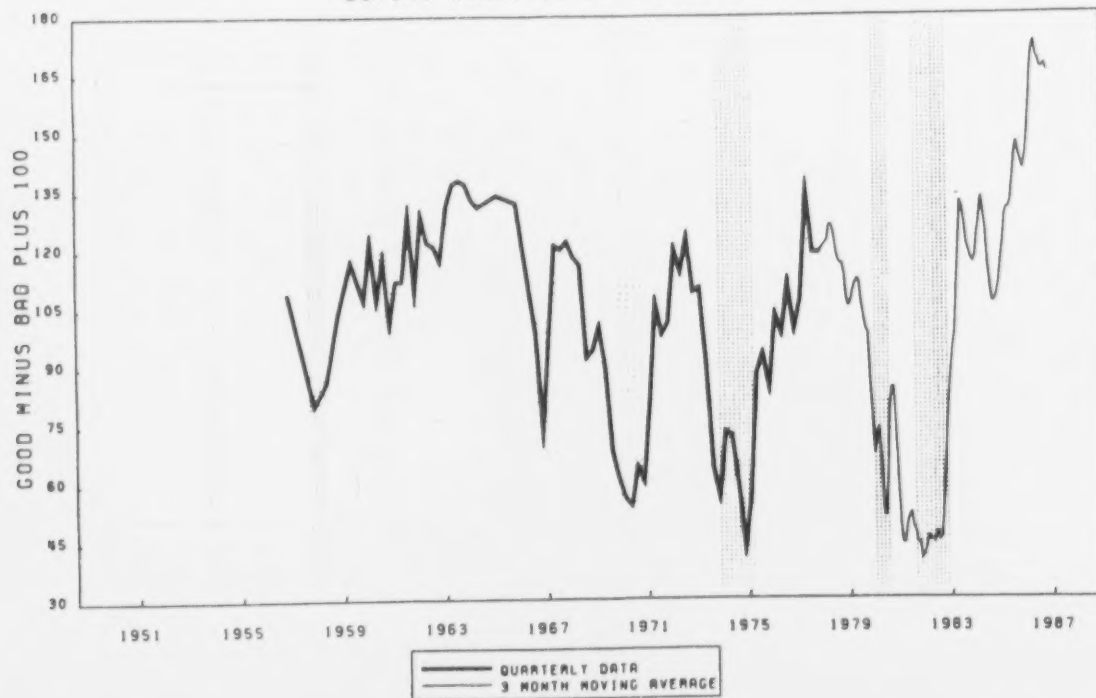


TABLE 23
BUYING CONDITIONS FOR HOUSES

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
GOOD TIME TO BUY	68%	72%	76%	82%	86%	83%	86%	82%	81%	83%	81%	83%	80%
UNCERTAIN, DEPENDS	6	3	2	3	3	4	1	1	3	2	2	2	4
BAD TIME TO BUY	26	25	22	15	11	13	13	17	16	15	17	15	16
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

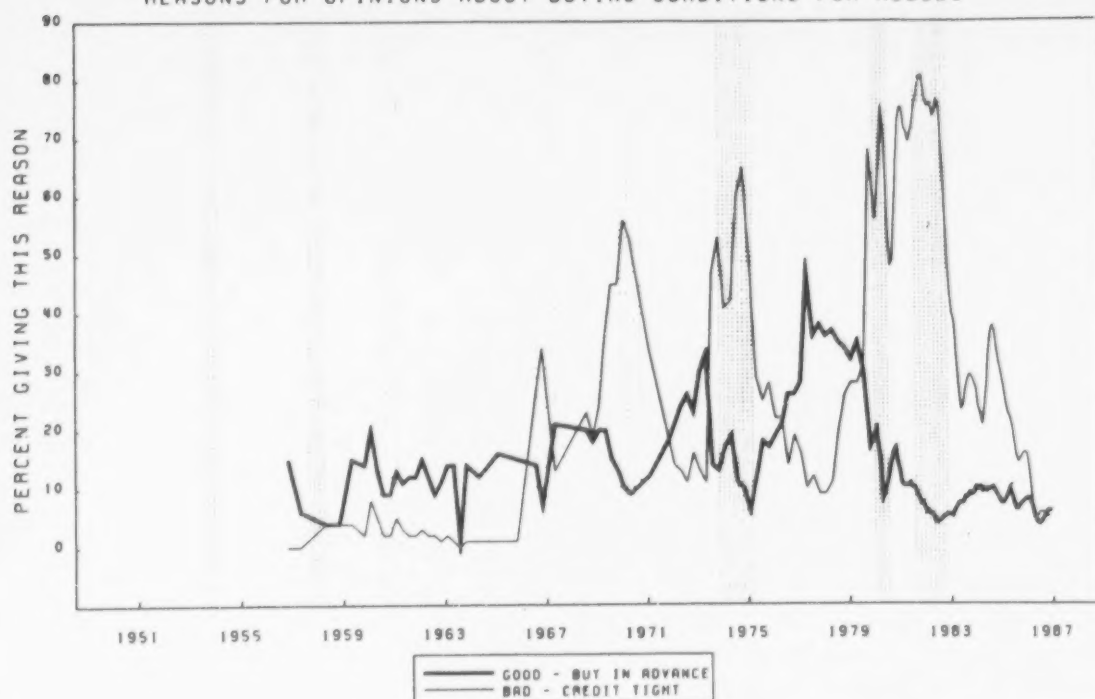


CHART 24B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

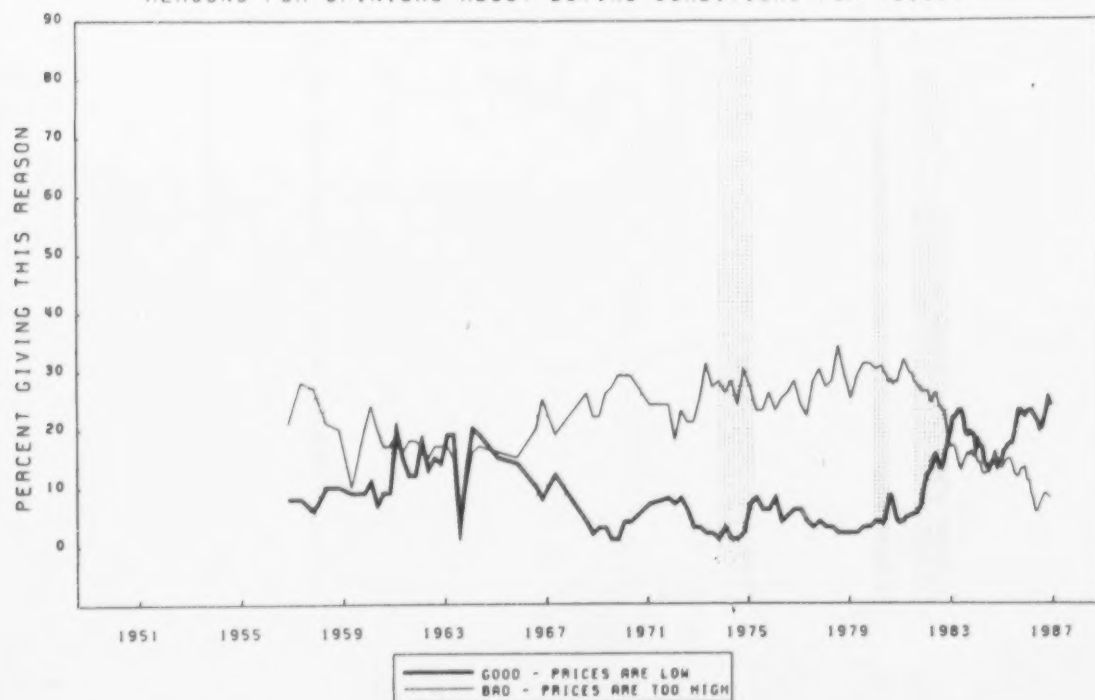


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	23%	24%	22%	23%	22%	20%	21%	18%	21%	26%	22%	27%	23%
Prices won't come down; are going higher	8	8	8	6	5	3	4	4	4	6	6	6	6
Interest rates low; credit is easy	53	60	64	76	83	80	83	77	78	79	75	75	73
Good investment	5	6	4	5	3	3	3	5	3	5	6	5	6
BAD TIME TO BUY:													
Prices are high	13	8	12	6	5	6	6	9	8	9	9	7	8
Interest rates are high; credit is tight	15	14	11	5	4	5	5	7	5	5	5	5	5
Lack of purchasing power	6	10	8	8	6	6	6	7	8	6	8	8	7

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

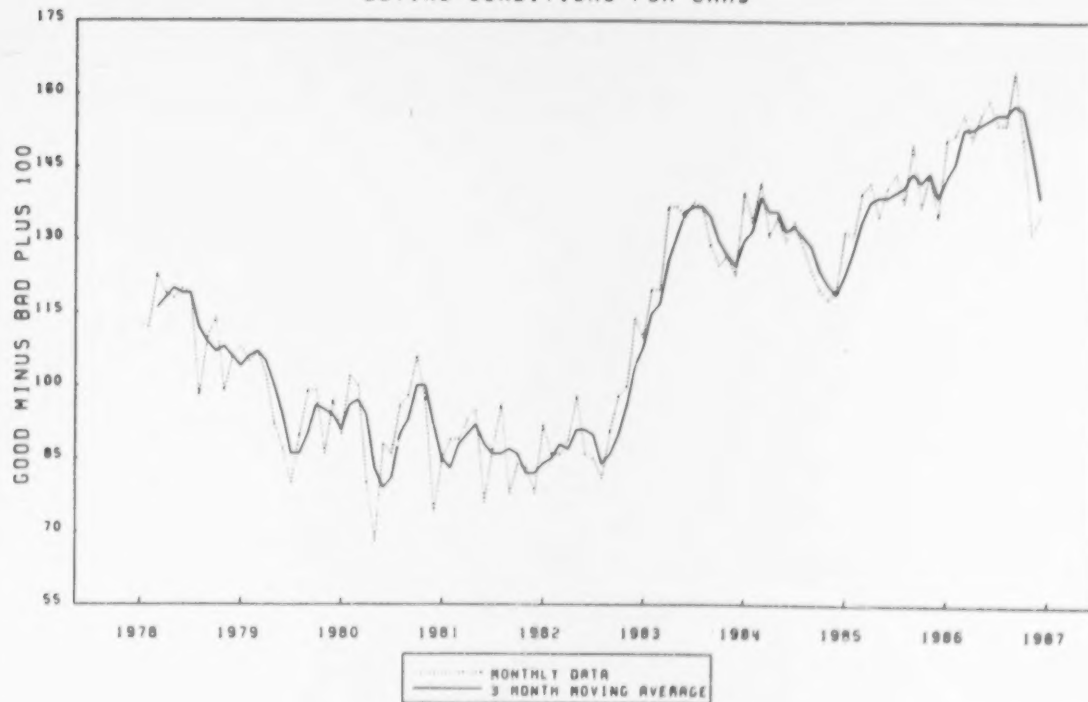


CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS



TABLE 25
BUYING CONDITIONS FOR CARS

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
GOOD TIME TO BUY	63%	71%	73%	74%	73%	75%	77%	74%	73%	81%	72%	63%	64%
UNCERTAIN; DEPENDS	9	9	6	8	5	6	5	6	8	3	7	6	7
BAD TIME TO BUY	28	20	21	18	22	19	18	20	19	16	21	31	29
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	656	656	658	658	655	658	665	653	659	651	656	653

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

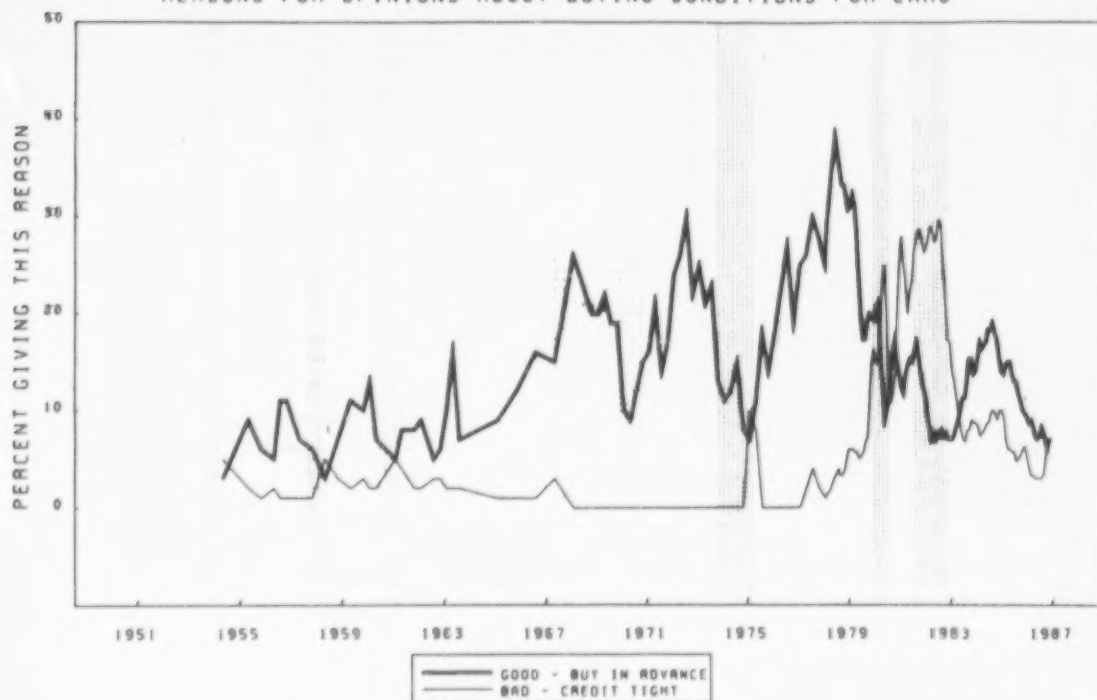


CHART 26B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS



TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	24%	23%	22%	22%	22%	28%	23%	23%	23%	25%	22%	26%	23%
Prices won't come down; are going higher	8	9	9	9	7	6	8	8	9	6	5	7	9
Interest rates low; credit is easy	37	51	53	54	54	58	62	53	52	73	58	43	45
New fuel efficient models	1	*	1	*	1	*	*	1	*	*	*	*	*
BAD TIME TO BUY:													
Prices are high	20	13	13	13	14	10	11	14	12	11	12	17	15
Interest rates are high, credit is tight	6	3	4	3	3	3	3	3	3	4	8	9	4
Lack of purchasing power	4	5	5	4	6	6	4	5	5	2	2	4	4
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	4	4	2	3	2	2	2	3	1	1	1	2	2

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

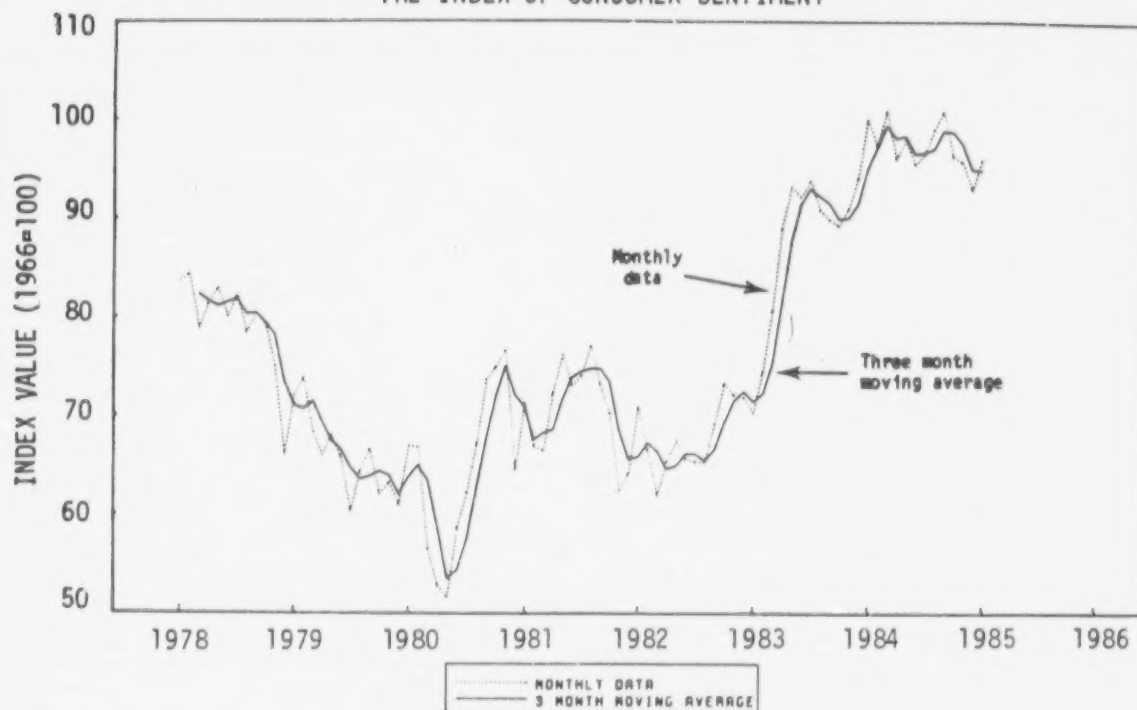
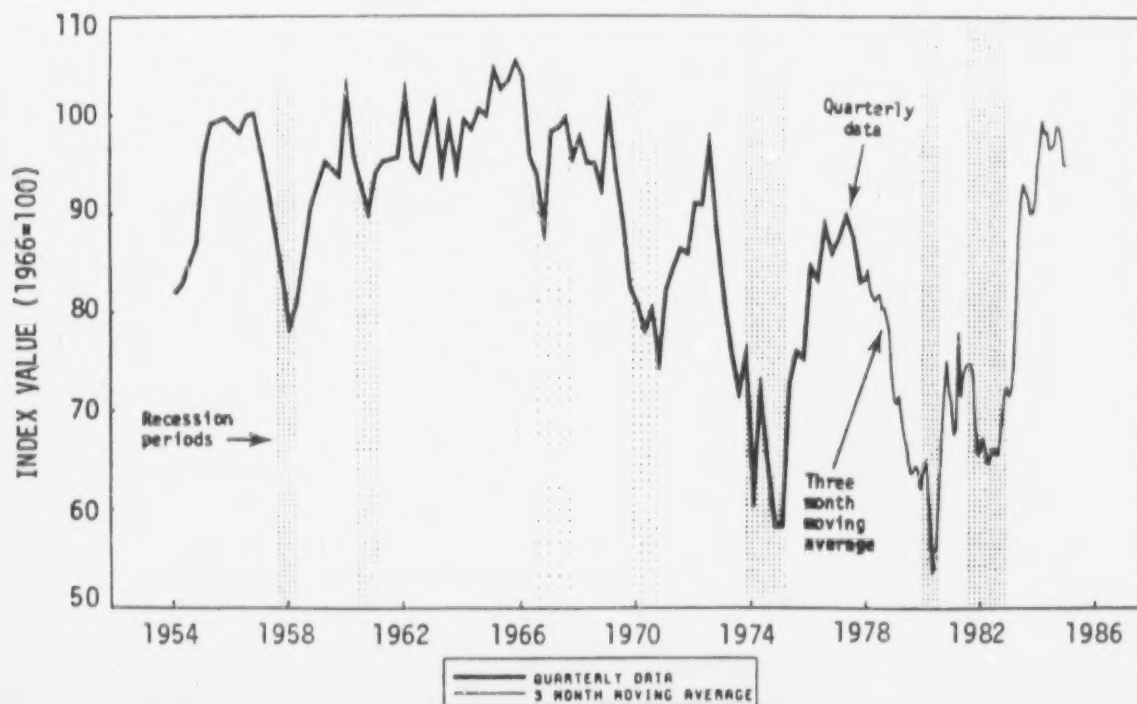


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

- QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.
- MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.
- THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES:	November 1948	-	October 1949
	July 1953	-	May 1954
	August 1957	-	April 1958
	April 1960	-	February 1961
	June 1966	-	November 1967*
	December 1969	-	November 1970
	November 1973	-	March 1975
	January 1980	-	July 1980
	July 1981	-	November 1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS^a OF SURVEY FINDINGS
(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	700 ^b	1,400 ^c	2,100 ^d
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

^aThe figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

^bAverage size of monthly surveys.

^cAverage size of two monthly surveys.

^dAverage size of three monthly surveys (one quarter).



Surveys of Consumer Attitudes

Richard T. Curtin, Director

GROWING UNCERTAINTY ABOUT PROSPECTS FOR DOMESTIC ECONOMY

- In the December 1986 survey, the Index of Consumer Sentiment was 89.1, down from 91.4 one month earlier, and 93.9 one year earlier. The Index is now at the lower boundary of the horizontal path that it has traced during the past four years. This sideward movement has been due to offsetting trends: the growing sense of uncertainty about the performance of the domestic economy, especially the outlook for employment, has been muted by continued strength in evaluations of personal finances and buying conditions.
- Among families with incomes of \$30,000 or more, the Index stood at 98.7 in December 1986, just above the month earlier reading of 97.5, but well below the year earlier figure of 106.0. During the past six months, most of the decline has been concentrated among residents of the Northeast (91.8, down from 106.2); nonetheless, the Index level among residents of the Northeast was still higher at year end than among residents of any other region.
- By year end 1986, the news heard by consumers about ongoing economic developments was more unfavorable than anytime during the prior four years. Among all families, unfavorable developments were reported nearly three times as frequently as favorable developments (62 versus 22 percent). References to layoffs, persistent unemployment, and fewer job prospects, dominated the news consumers reported hearing—mentioned by 33 percent of all families, up from 20 percent one year earlier. Overall, for the first time since early 1983, more families thought that the economy had worsened rather than improved during the past year (45 versus 40 percent). And for the first time since 1980, more families in the December 1986 survey expected the economy to worsen rather than improve during the year ahead (22 versus 20 percent). Importantly, however, the majority continued to expect the performance of the economy to remain largely unchanged during the year ahead (56 percent).
- Although more families expected good rather than bad times financially in the economy as a whole during 1987 (45 versus 41 percent), when asked about the prospects over the next five years, the majority expected the reoccurrence of recession (50 versus 33 percent). During the year ahead, the national unemployment rate was expected to increase by 42 percent of all families, up from 34 percent in November and 30 percent in December 1985.
- Among all families, 43 percent reported that their financial situation had improved during the past year, unchanged from the month earlier reading, and just below the 46 percent recorded at year end 1985. Income increases were mentioned by 35 percent of all families in December, between the 34 percent recorded one month earlier and the 36 percent recorded one year earlier. Improvement in their financial situation during the year ahead was expected by 36 percent of all families in the December survey, up from 33 percent recorded both one month and one year earlier. Just 9 percent of all families expected their financial situation to worsen during 1987.
- Overall, by year end 1986 attitudes toward buying conditions had receded from the all-time peaks recorded at mid year, but nonetheless remained at very favorable levels. The decline

since mid year has been due to less favorable interest rate evaluations, while the continued underlying strength has been favorable perceptions of market prices.

- Favorable attitudes toward buying conditions for large household durables were held by 75 percent of all families in the December 1986 survey. While this represents a modest decline from the all-time peak of 81 percent recorded six months earlier, the year end 1986 figure remains higher than recorded in any prior year. Most of the decline since mid year can be traced to fewer mentions of interest rate reductions, falling to 18 from 31 percent. The maintenance of these very positive attitudes is based on favorable perceptions of market prices. The availability of price discounts was reported by 33 percent of all families in December. Although this was below the 42 percent recorded a year earlier, the proportion that complained about high prices fell by a similar amount—to 8 from 17 percent—leaving the net position unchanged.
- Buying conditions for homes were viewed favorably by 80 percent of all families in the December 1986 survey, just below the all-time peak of 86 percent recorded at mid year, but still higher than in any year prior to 1986. Favorable perceptions of current mortgage interest rates continued to dominate these attitudes, mentioned by 73 percent of all families in December 1986, down from a high of 83 percent recorded at mid year. Favorable references to current market prices for homes were made by 23 percent of all families in both the December 1986 and December 1985 surveys; the proportion of families that complained about high prices, however, declined during the past year to 8 from 13 percent.
- Favorable vehicle buying attitudes were reported by 64 percent of all families in the December 1986 survey, just above the 63 percent recorded in November, but substantially below the all-time record of 81 percent which accompanied the sharply reduced interest rates offered in September. The proportion of families that mentioned the availability of discounted interest rates fell to 45 percent in December from the September peak of 73 percent. Perceptions of market prices for vehicles remained favorable, not because of more frequent reports of price discounts—reported by 23 percent in December 1986, just below the 24 percent recorded one year earlier—but because of fewer complaints about high prices—falling to 15 from 20 percent during the past year.

• • •

The December 1986 survey indicates a growing sense of concern about prospects for the domestic economy. Although consumers do not expect the economy to slide into recession during 1987, neither do they expect a resurgence in economic growth. A stagnant domestic economy has meant that few consumers expect any improvement in the outlook for employment. Importantly, however, few consumers expect renewed rapid inflation to accompany rising unemployment, and thus the impact of these concerns has been muted. Although only small increases in personal incomes are expected, overall financial evaluations have remained favorable due to the continued expectations of low inflation rates. Consumers expect the sluggish domestic economy to continue to pressure sellers to offer discounts. These data indicate that consumer spending will remain at favorable levels during 1987, without showing growth over last year's levels.

2/20/87

U7475-2A

SURVEYS OF CONSUMER ATTITUDES



Institute for Social Research

T A B L E S A N D C H A R T S

JANUARY 1987

The January 1987 survey is the 222nd in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

Two charts highlight recent changes and historical patterns for most questions. Recent change charts include quarterly data before 1978 and monthly data starting in January of 1978. Historical series charts show quarterly data before 1978 and 3 month moving averages since then. See the explanatory charts at the end of this book for a detailed description.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

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CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT



CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

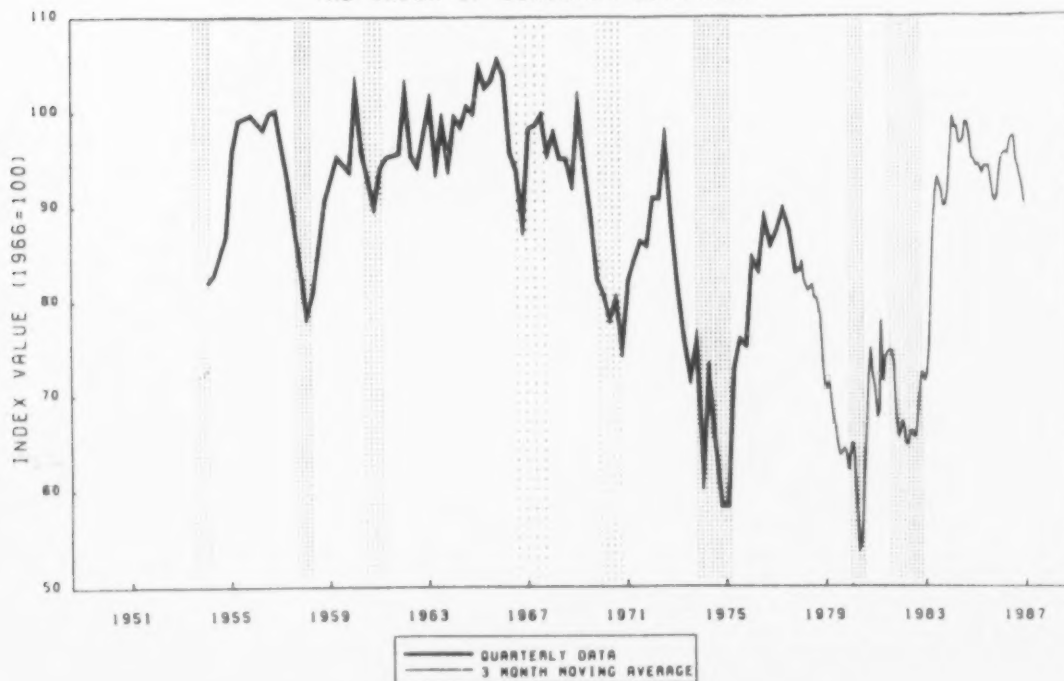


TABLE 1
THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	All families	Families with incomes over \$30,000	Families with incomes over \$40,000
January 1984	100.1	115.6	117.2
February 1984	97.4	114.3	116.8
March 1984	101.0	117.8	118.3
April 1984	96.1	107.0	107.8
May 1984	98.1	107.8	108.9
June 1984	95.5	105.5	108.6
July 1984	96.6	102.7	109.2
August 1984	99.1	113.3	116.4
September 1984	100.9	110.8	112.9
October 1984	96.3	113.5	114.8
November 1984	95.7	112.9	113.6
December 1984	92.9	101.5	101.7
January 1985	96.0	110.2	112.1
February 1985	93.7	113.8	113.8
March 1985	93.7	110.8	114.4
April 1985	94.6	108.9	114.9
May 1985	91.8	105.3	107.7
June 1985	96.5	107.4	110.3
July 1985	94.0	105.2	109.5
August 1985	92.4	106.7	110.2
September 1985	92.1	101.7	104.9
October 1985	88.4	99.6	107.4
November 1985	90.9	100.8	100.3
December 1985	93.9	106.0	108.3
January 1986	95.6	109.7	110.1
February 1986	95.9	107.8	109.0
March 1986	95.1	102.9	110.2
April 1986	96.2	106.9	111.0
May 1986	94.8	105.5	109.9
June 1986	99.3	110.6	112.4
July 1986	97.7	109.6	108.5
August 1986	94.9	105.0	106.6
September 1986	91.9	99.5	102.1
October 1986	95.6	102.8	105.5
November 1986	91.4	97.5	98.7
December 1986	89.1	98.7	98.3
January 1987	90.4	101.2	104.0

CHART 2A - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

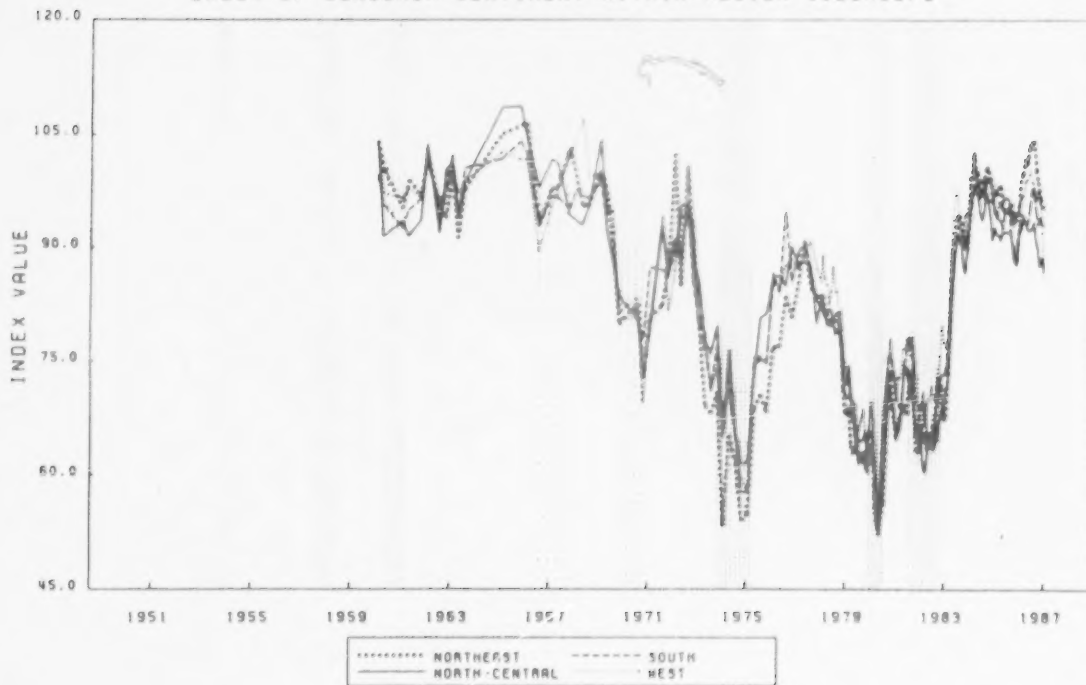


CHART 2B - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

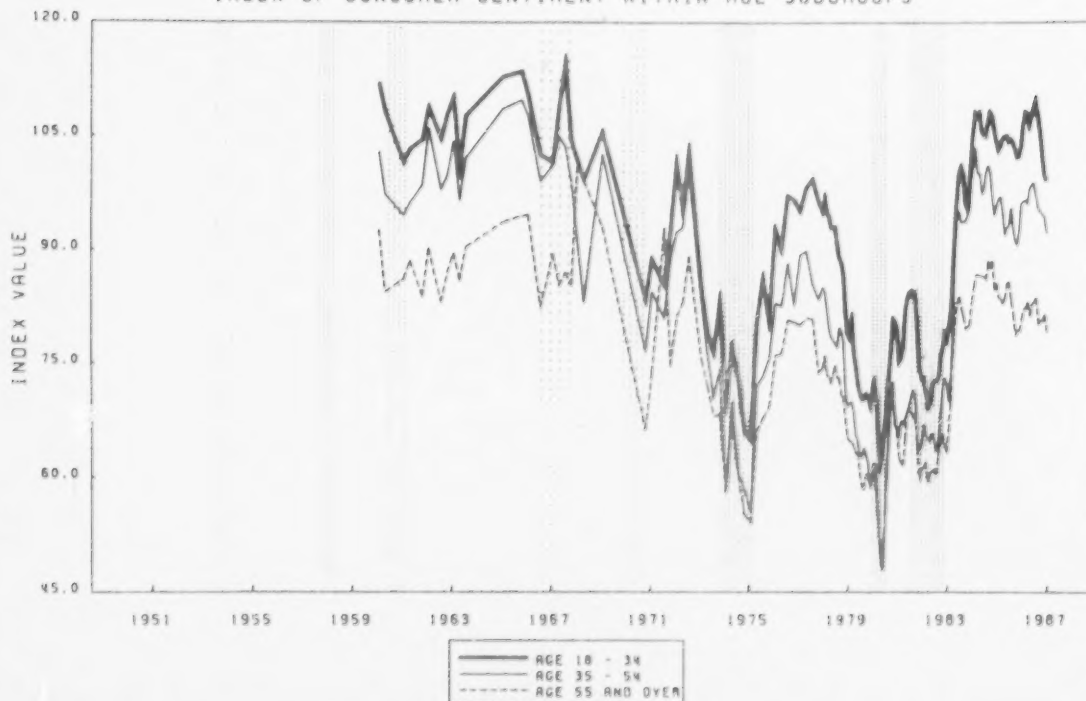


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY	CENSUS REGION				AGE OF RESPONDENT		
	North East	North Central	South	West	18-34	35-54	55+
January 1984	100.7	96.8	97.5	107.5	107.9	106.0	87.4
February 1984	102.3	98.4	93.5	97.1	106.2	98.9	86.5
March 1984	104.8	98.5	102.1	97.5	109.9	105.2	86.6
April 1984	92.8	96.1	96.5	100.5	107.2	95.4	86.0
May 1984	98.8	96.3	96.5	103.9	107.5	98.8	86.6
June 1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July 1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August 1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September 1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October 1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November 1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December 1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January 1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February 1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March 1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April 1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May 1985	88.8	94.0	91.9	91.3	103.2	87.9	84.6
June 1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July 1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August 1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September 1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October 1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November 1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December 1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January 1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8
February 1986	103.4	92.7	93.2	98.0	109.7	94.1	83.8
March 1986	99.1	94.9	91.3	98.9	109.1	96.0	82.0
April 1986	102.7	92.3	94.4	99.5	104.8	97.8	83.6
May 1986	101.2	90.1	93.5	98.8	104.9	99.9	78.3
June 1986	106.2	94.1	98.5	102.7	112.7	97.9	86.6
July 1986	103.9	93.4	101.7	94.7	108.2	98.6	84.5
August 1986	102.5	92.6	90.5	98.2	107.9	95.2	80.1
September 1986	94.6	87.0	91.9	95.8	106.3	92.4	76.1
October 1986	99.1	90.0	96.5	99.3	102.5	97.3	85.7
November 1986	95.8	85.6	93.2	92.3	99.5	94.2	80.4
December 1986	91.8	90.4	89.5	84.0	98.0	91.3	78.3
January 1987	98.1	85.9	96.0	83.9	99.9	91.2	78.4

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS



CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

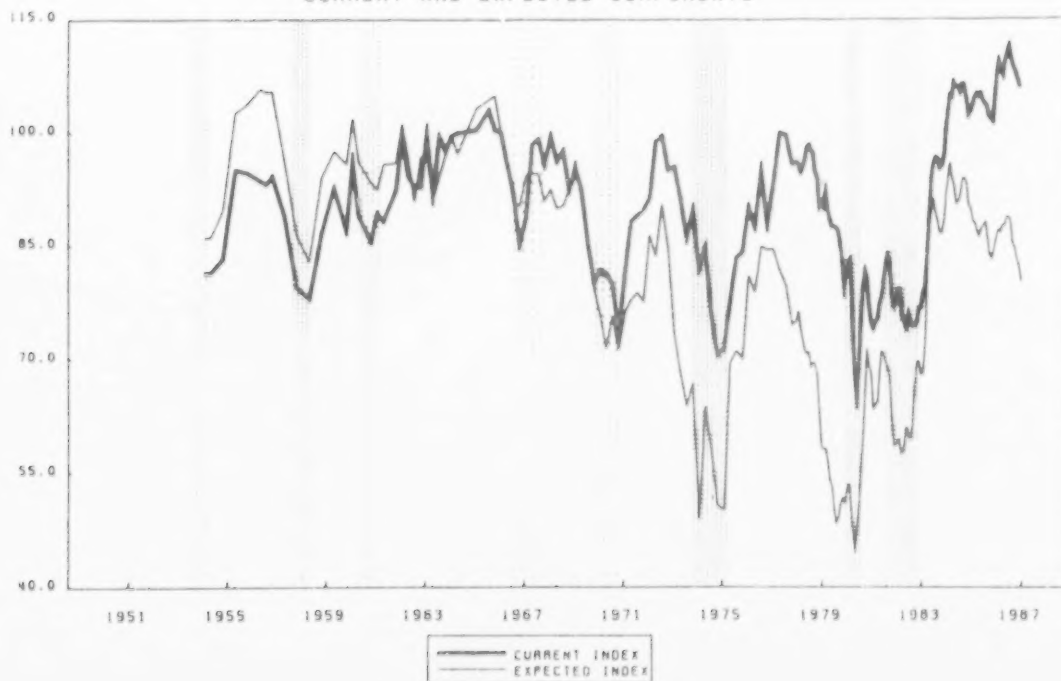


TABLE 3
COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

		INDEX COMPONENTS +					Current Index	Expected Index
		Personal finances		Business conditions		Buying		
		Current	Expected	12 months	5 years	conds.		
DATE OF SURVEY		(1)	(2)	(3)	(4)	(5)	(1,5)	(2,3,4)
January 1984		117	129	154	108	155	104.9	97.0
February 1984		119	130	139	106	151	103.9	93.2
March 1984		122	135	146	113	153	106.0	97.7
April 1984		116	125	136	107	152	103.5	91.4
May 1984		121	129	131	105	164	109.8	90.6
June 1984		126	124	131	106	145	104.4	89.8
July 1984		117	124	133	113	152	103.9	91.9
August 1984		125	129	137	111	153	107.5	93.7
September 1984		125	131	142	116	154	107.8	96.4
October 1984		118	127	134	107	150	103.6	91.6
November 1984		121	129	132	107	144	102.4	91.5
December 1984		118	125	131	98	143	100.6	87.9
January 1985		119	124	135	104	153	104.9	90.3
February 1985		115	120	131	96	158	105.1	86.5
March 1985		112	123	133	96	156	103.7	87.3
April 1985		116	127	128	95	161	106.6	87.0
May 1985		116	120	121	97	152	103.7	84.2
June 1985		115	127	133	106	157	104.9	91.1
July 1985		116	124	129	98	154	104.3	87.4
August 1985		112	123	125	99	152	101.8	86.3
September 1985		116	124	118	96	155	104.3	84.2
October 1985		111	123	111	90	148	100.3	80.8
November 1985		111	124	120	96	150	100.7	84.5
December 1985		120	124	127	103	147	103.1	88.1
January 1986		122	123	126	93	168	111.8	85.3
February 1986		117	123	132	98	164	108.4	87.8
March 1986		120	124	129	96	160	107.9	86.9
April 1986		120	128	133	94	160	108.1	88.5
May 1986		117	129	131	92	158	106.2	87.5
June 1986		124	127	136	100	170	113.3	90.3
July 1986		126	130	131	94	165	112.1	88.5
August 1986		121	128	123	94	161	108.9	85.9
September 1986		120	127	115	84	161	108.3	81.3
October 1986		120	127	124	99	162	108.9	87.1
November 1986		121	121	120	87	155	106.7	81.6
December 1986		116	127	104	83	158	105.8	78.3
January 1987		120	130	117	77	152	105.1	80.9

(1) See Table 4.

(2) See Table 6.

(3) See Table 18.

(4) See Table 19.

(5) See Table 26.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO



CHART 4 - HISTORICAL SERIES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO



TABLE 4
CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
BETTER OFF	45%	44%	44%	45%	42%	47%	49%	46%	45%	44%	43%	43%	45%
SAME	32	29	32	30	33	29	28	28	30	32	35	30	29
WORSE OFF	23	27	24	25	25	23	23	25	25	24	22	27	25
DK,NA	*	*	*	*	*	1	*	1	*	*	*	*	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

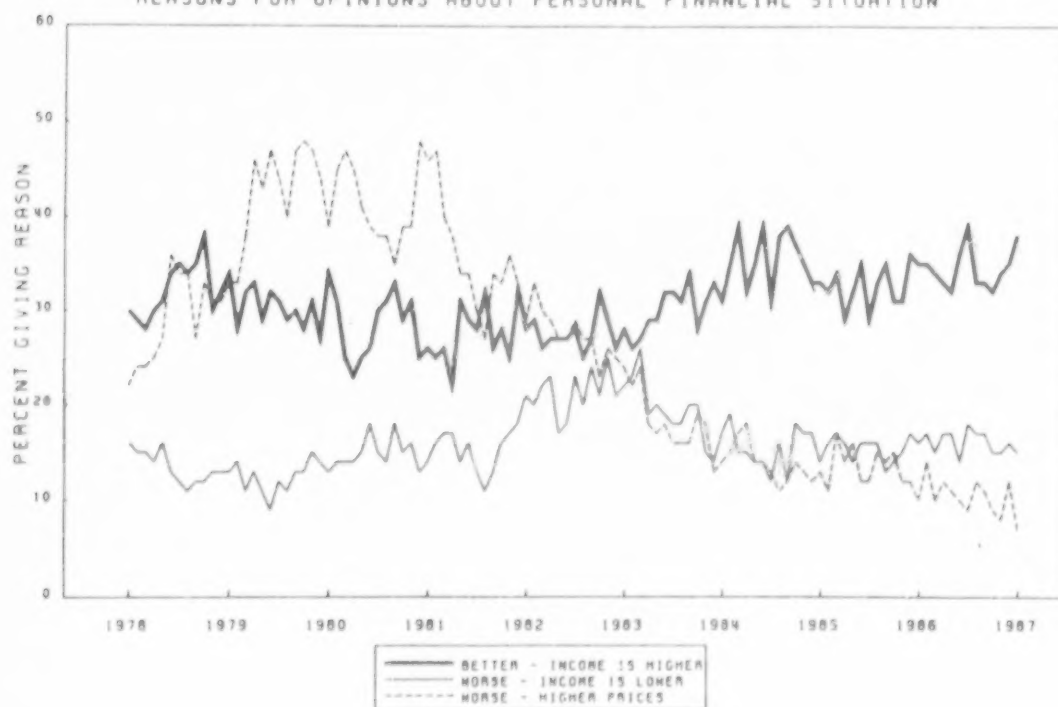


CHART 5 - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

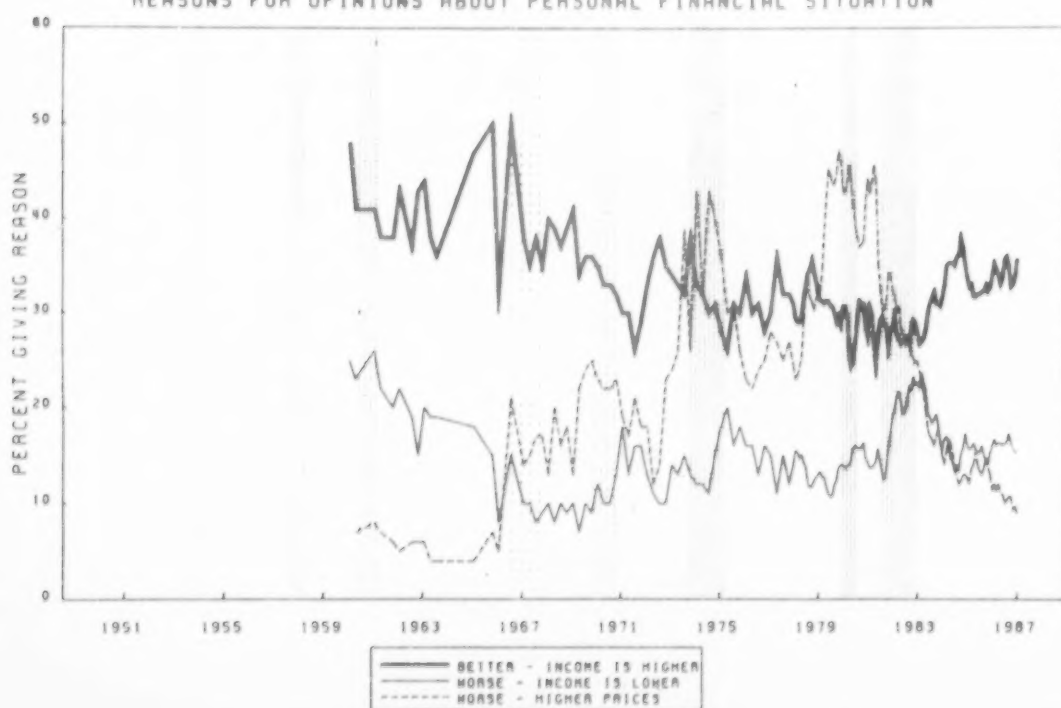


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
BETTER OFF THAN YEAR AGO:													
Income is higher	35%	35%	34%	33%	32%	36%	39%	33%	33%	32%	34%	35%	38%
WORSE OFF THAN YEAR AGO:													
Income is lower	16	17	15	17	17	14	18	17	17	15	15	16	15
Higher prices	10	14	10	12	11	10	9	12	11	9	8	12	7

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES
EXPECTED CHANGE IN FINANCIAL SITUATION

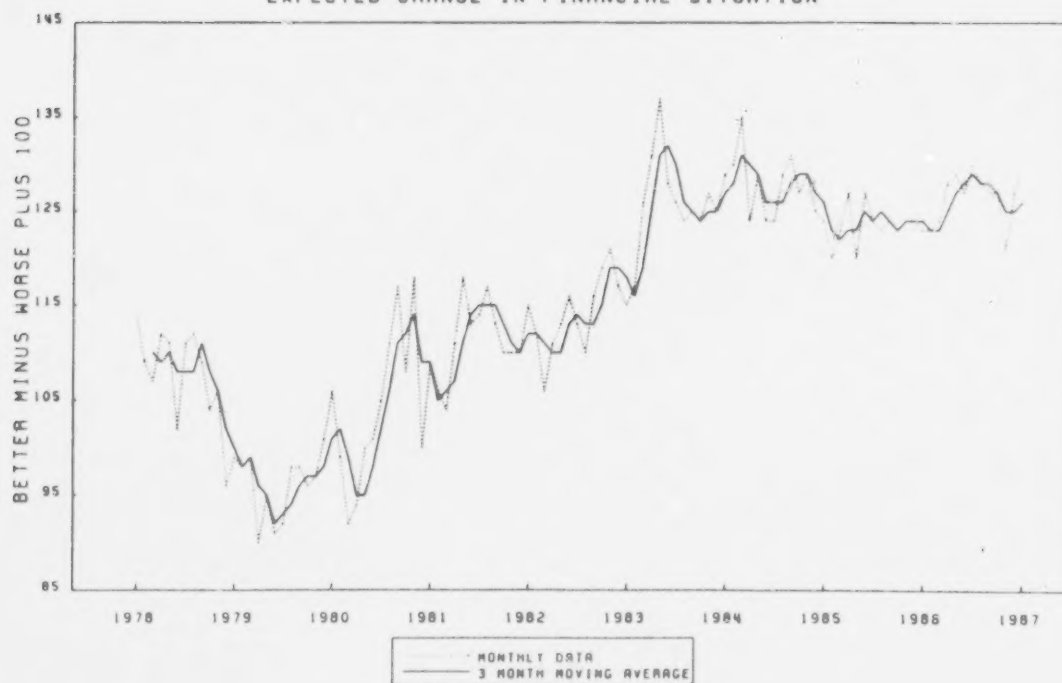


CHART 6 - HISTORICAL SERIES
EXPECTED CHANGE IN FINANCIAL SITUATION

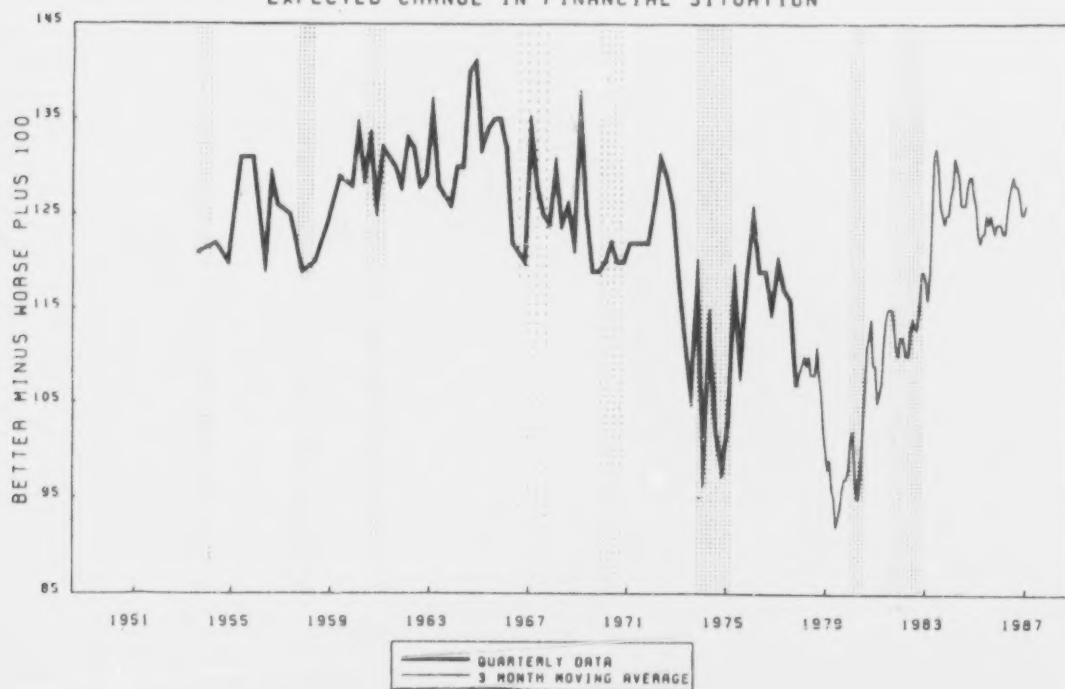


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
BETTER OFF	35%	35%	37%	38%	40%	38%	38%	39%	38%	37%	33%	36%	39%
SAME	50	50	47	49	47	49	52	48	47	51	52	52	48
WORSE OFF	12	12	13	10	11	11	8	11	11	10	12	9	9
DK,NA	3	3	3	3	2	2	2	2	4	2	3	3	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION

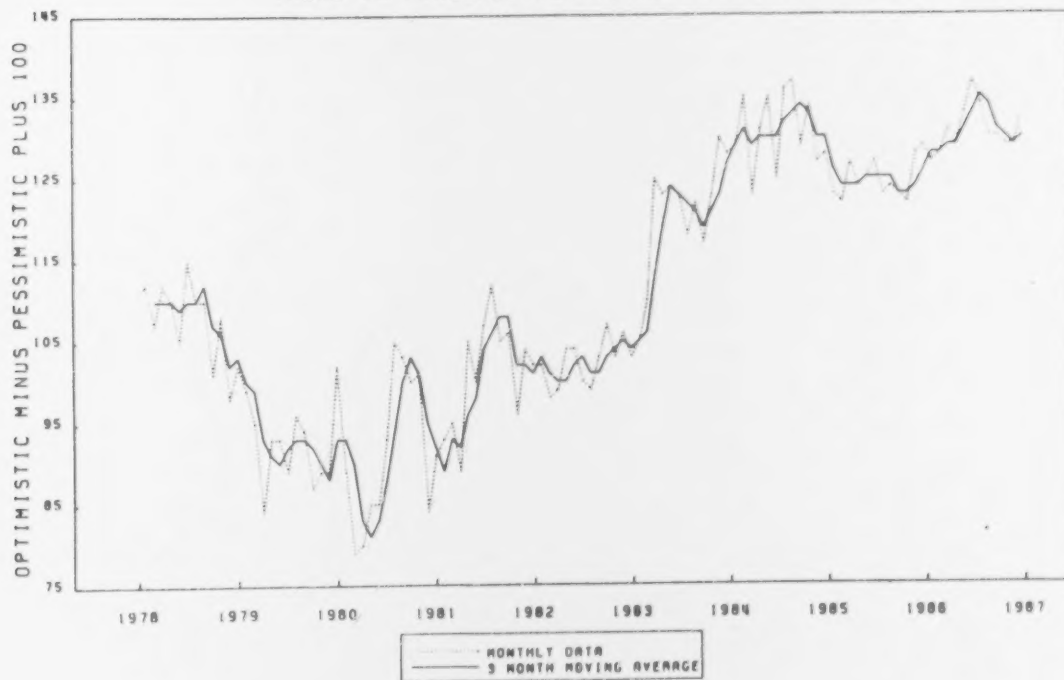


CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION

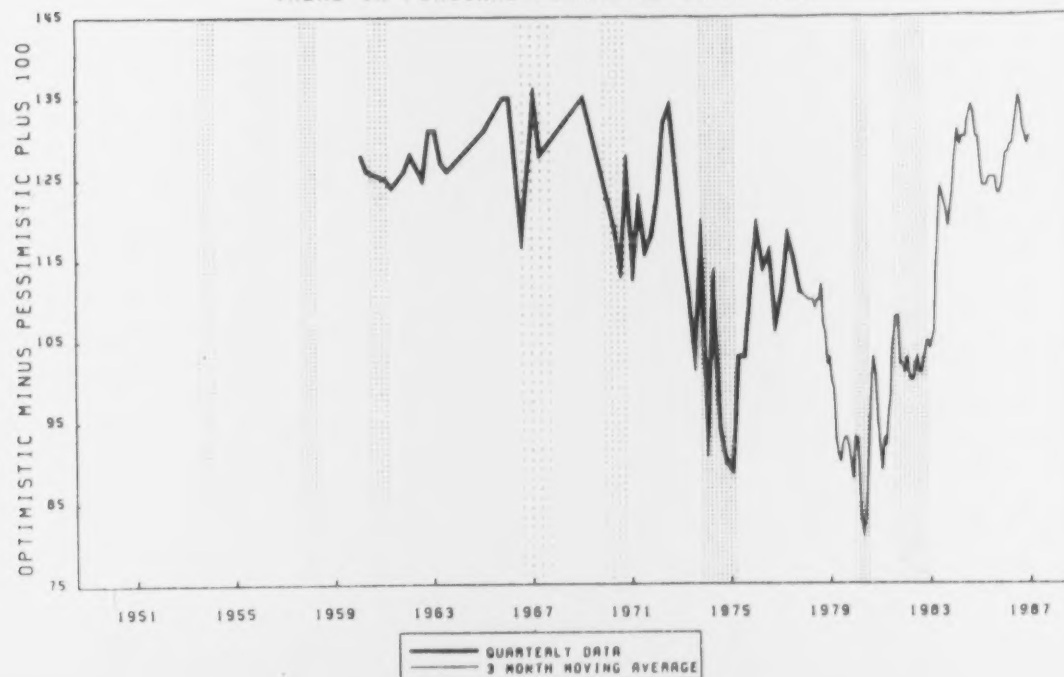


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	21%	20%	22%	23%	22%	22%	23%	21%	21%	22%	18%	18%	22%
Intermittant increase (b)	29	29	27	28	26	29	29	32	29	27	29	29	28
Remain unchanged (c)	18	16	18	16	19	18	19	15	16	19	22	19	17
Intermittant decline (d)	16	16	14	16	15	14	12	13	15	16	13	14	14
Continuous decline (e)	5	6	7	4	4	4	3	6	5	3	5	4	3
Mixed change (f)	9	11	9	10	11	11	11	11	10	11	10	13	12
DK,NA	2	2	3	3	3	2	3	2	4	2	3	3	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
 (b) Better/Same or Same/Better
 (c) Same/Same
 (d) Worse/Same or Same/Worse
 (e) Worse/Worse
 (f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES
 MEDIAN EXPECTED CHANGE IN FAMILY INCOME

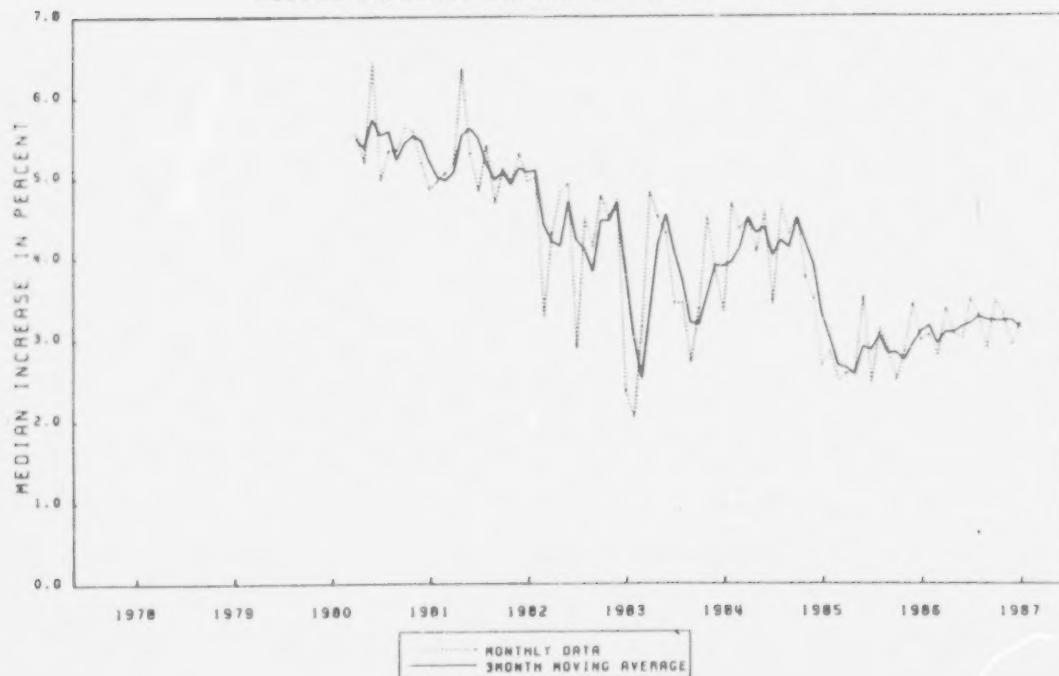


CHART 8 - HISTORICAL SERIES
 MEDIAN EXPECTED CHANGE IN FAMILY INCOME

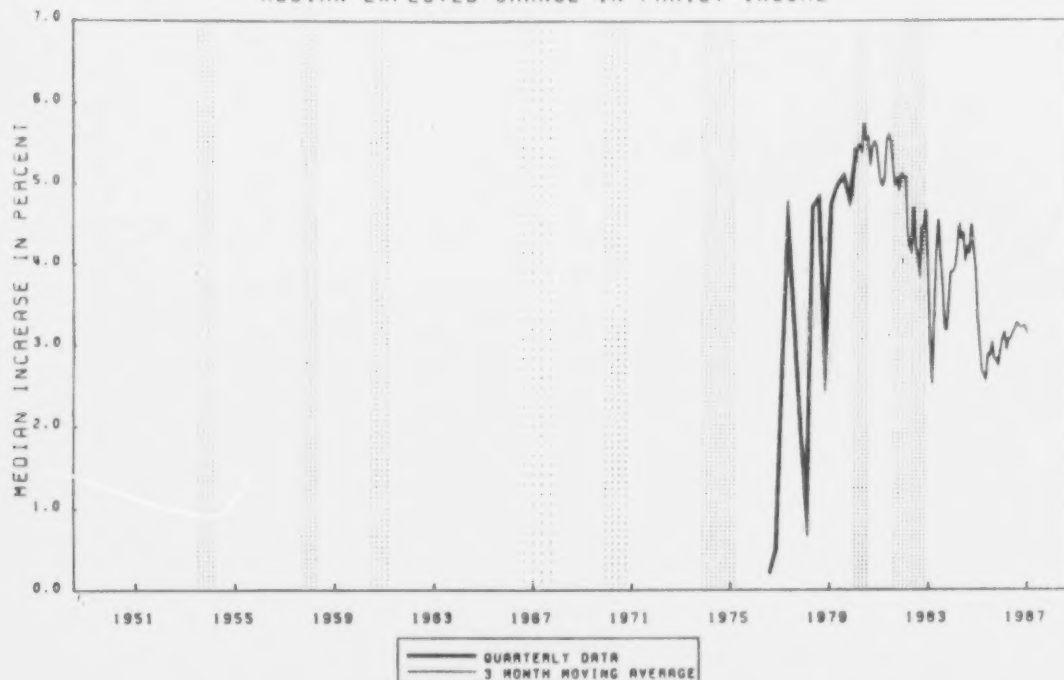


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
EXPECT INCREASE:													
1-4%	11%	17%	16%	13%	16%	15%	15%	16%	16%	14%	17%	18%	16%
5%	12	10	10	9	9	11	12	11	15	12	13	12	11
6-9%	7	8	6	8	10	8	8	7	7	6	9	8	8
10-24%	16	16	14	19	15	15	17	14	15	19	15	14	17
25% or more	7	6	7	7	6	7	8	9	4	7	6	6	6
DK how much up	4	3	4	3	3	3	4	5	3	3	4	4	4
EXPECT SAME	28	27	27	25	25	25	22	24	26	26	23	26	25
EXPECT DOWN	14	12	15	15	14	14	14	13	13	12	12	12	12
DK, NA	1	1	1	1	2	2	*	1	1	1	1	*	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

* : Less than half of one percent.

CHART 9 - RECENT CHANGES
INCOME OR PRICES UP MORE NEXT YEAR



CHART 9 - HISTORICAL SERIES
INCOME OR PRICES UP MORE NEXT YEAR

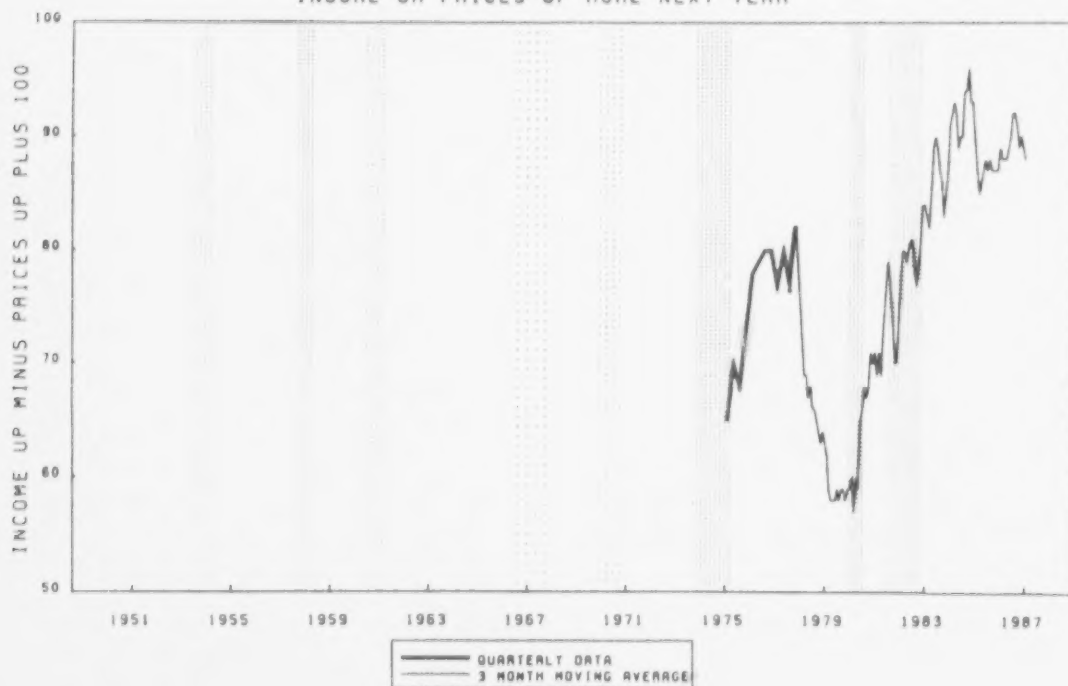


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
INCOME UP MORE	21%	19%	21%	21%	21%	23%	24%	22%	20%	22%	21%	19%	22%
INCOME UP SAME	47	43	44	45	44	43	47	44	47	45	47	45	41
PRICES UP MORE	31	35	32	31	32	32	28	32	32	32	30	34	35
DK,NA	1	3	3	3	3	2	1	2	1	1	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

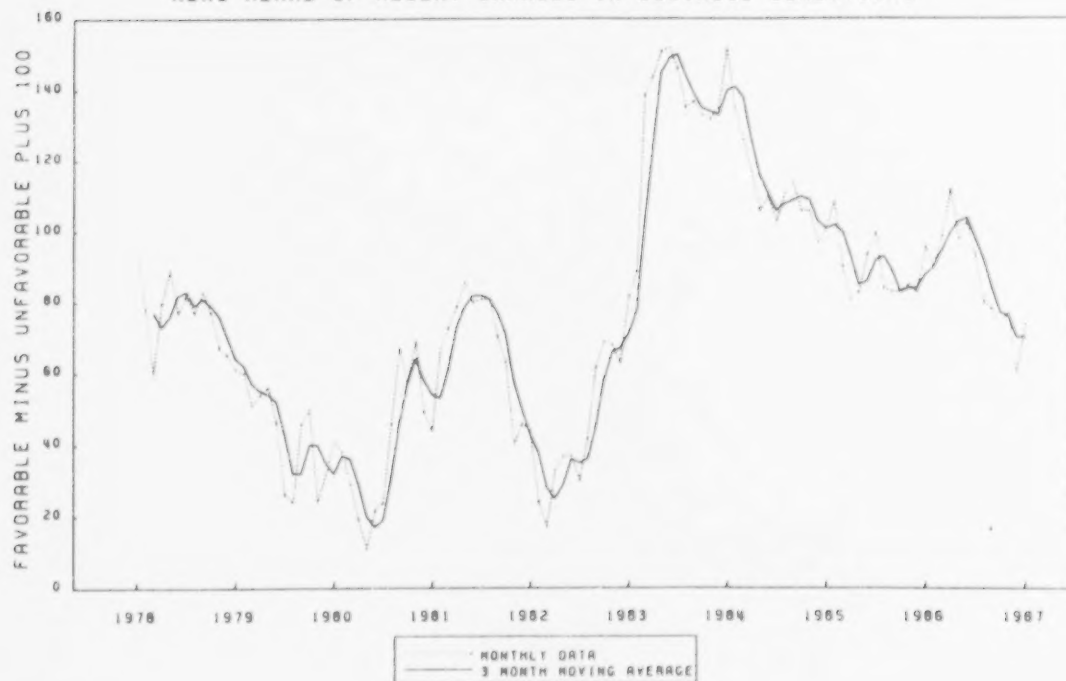


CHART 10 - HISTORICAL SERIES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

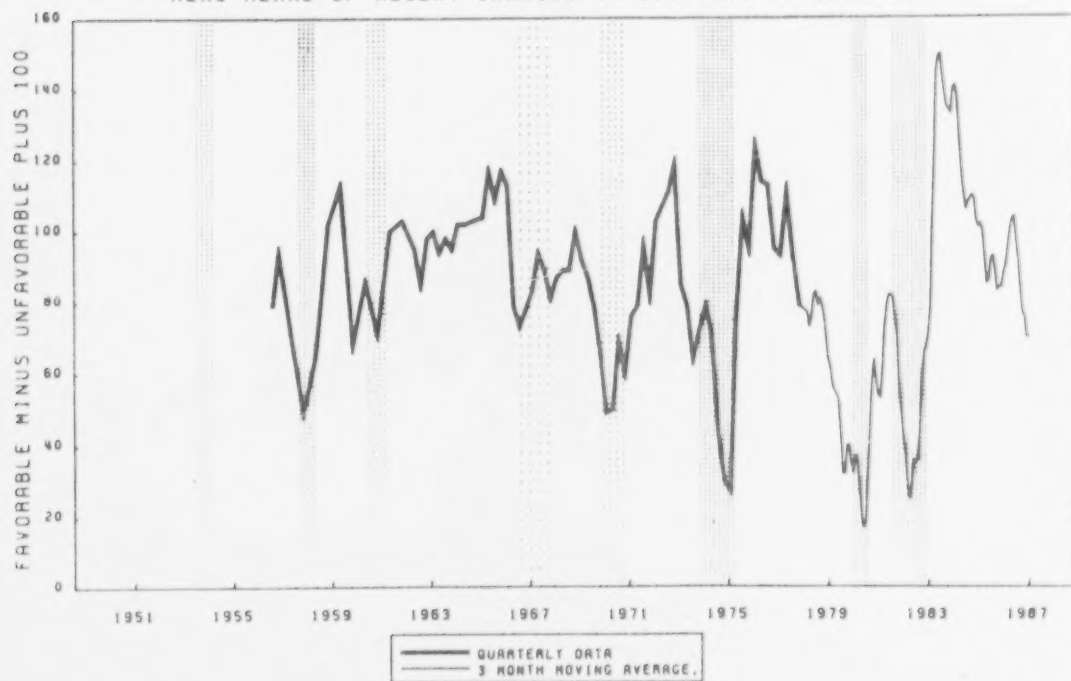


TABLE 10
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
FAVORABLE NEWS	37%	34%	46%	55%	42%	42%	37%	33%	29%	26%	30%	22%	26%
UNFAVORABLE NEWS	41	44	47	43	44	39	44	53	51	52	53	62	52
NO MENTIONS	47	46	43	38	44	46	45	44	49	48	47	44	44

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

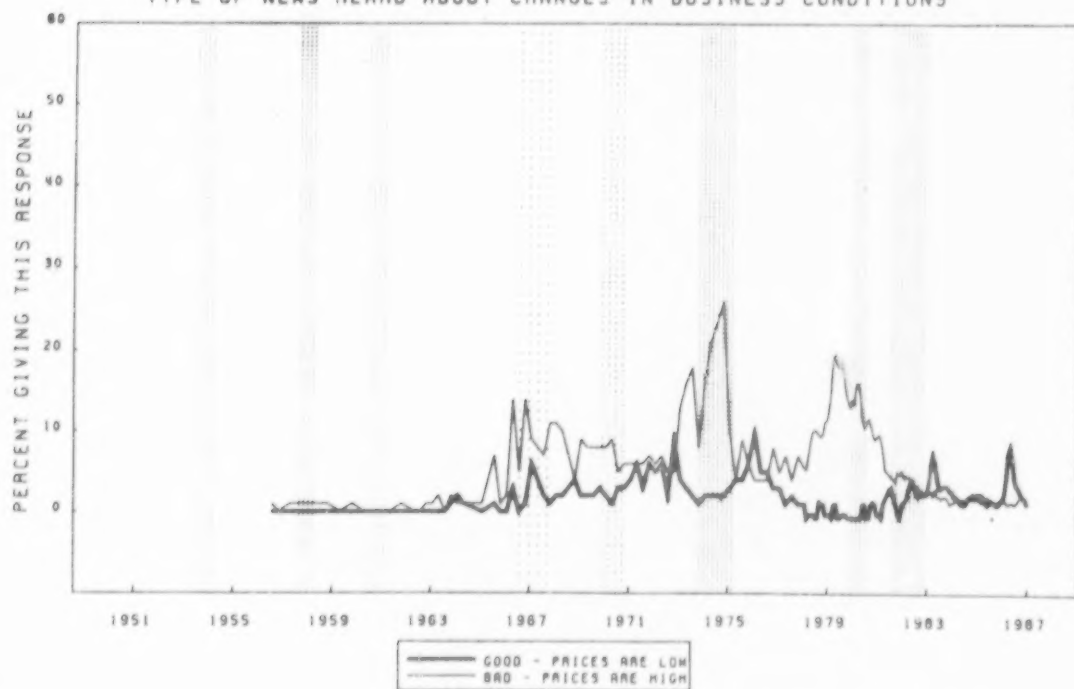


CHART 11B - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

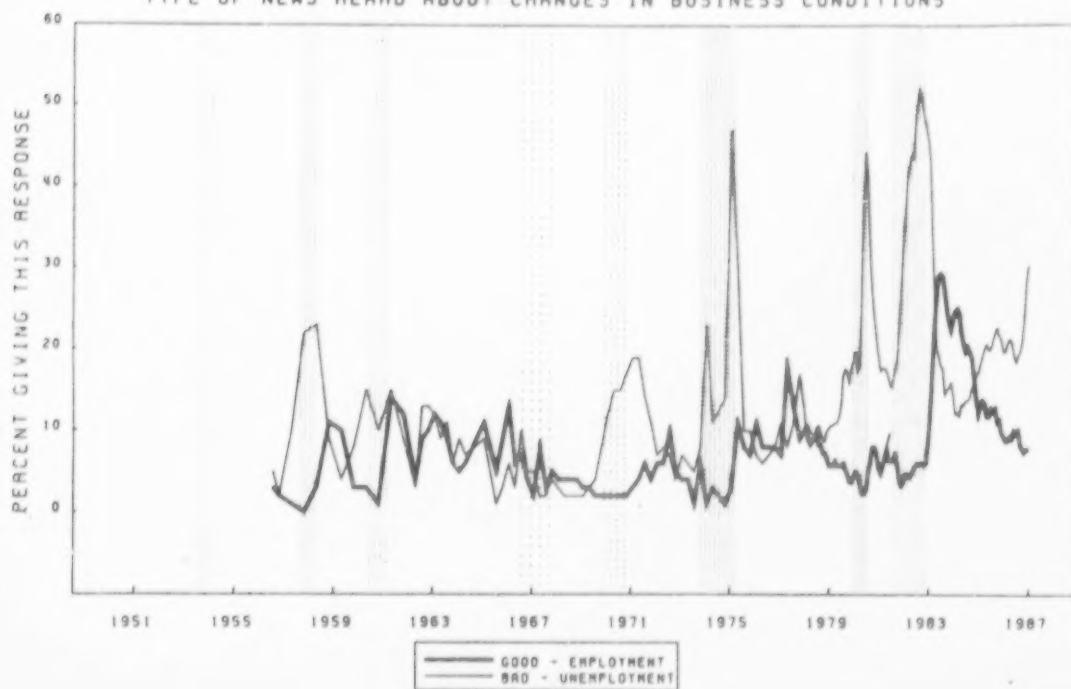


TABLE 11
SELECTED ITEMS OF
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
FAVORABLE NEWS:													
Government; elections	2%	2%	*	1%	2%	3%	3%	2%	2%	1%	3%	1%	2%
Employment	8	10	8	10	9	11	9	10	6	7	9	7	7
Higher consumer demand	3	1	3	3	2	2	1	3	2	3	2	2	3
Lower prices	2	3	8	11	6	3	4	3	2	2	2	1	*
Easier credit	9	8	15	17	11	9	11	7	11	8	5	5	5
UNFAVORABLE NEWS:													
Government; elections	5	3	3	3	3	4	5	5	6	8	6	8	9
Unemployment	18	21	23	20	20	18	19	21	19	23	29	33	29
Lower consumer demand	3	1	2	2	3	2	1	2	1	2	2	4	2
Higher prices	2	1	1	1	2	1	*	3	2	2	1	2	1
Tighter credit	1	*	*	1	1	2	1	1	1	*	1	1	1
Energy crisis	*	*	*	*	1	*	*	*	*	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO



CHART 12 - HISTORICAL SERIES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

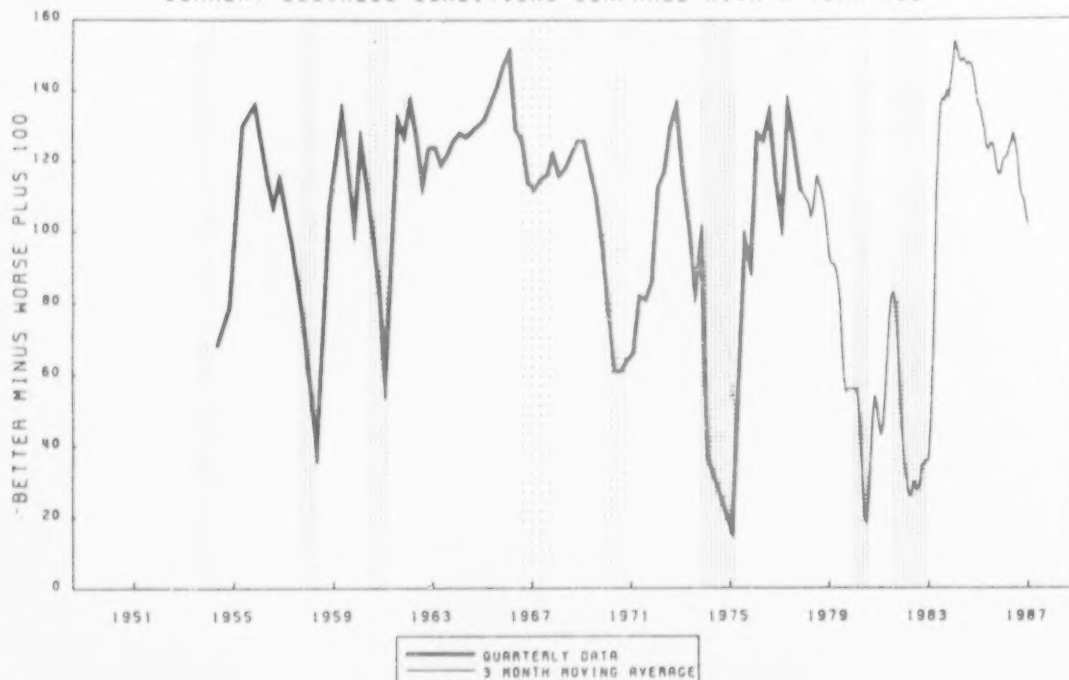


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
BETTER NOW	52%	51%	53%	61%	54%	60%	53%	47%	47%	47%	45%	40%	43%
SAME	17	15	13	9	13	8	14	14	13	15	16	13	14
WORSE NOW	29	32	32	29	31	30	31	37	39	35	37	45	41
DK,NA	2	2	2	1	2	2	2	2	1	3	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR



CHART 13 - HISTORICAL SERIES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

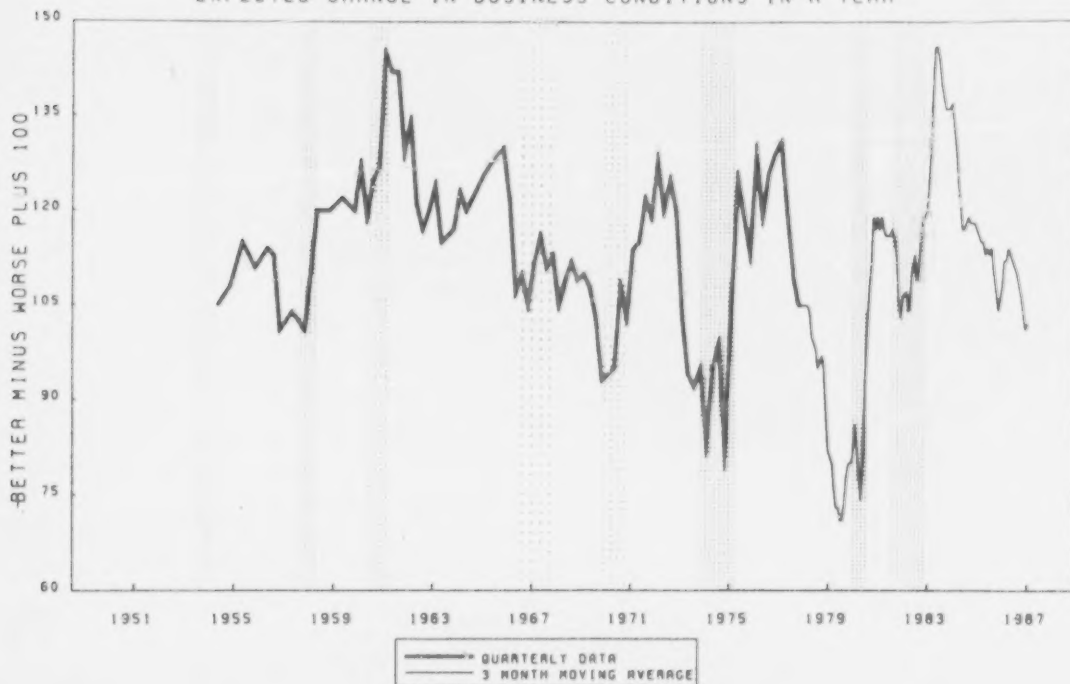


TABLE 13

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
BETTER	24%	27%	29%	29%	26%	25%	24%	26%	23%	21%	20%	20%	24%
SAME	58	59	53	55	57	60	60	56	55	59	59	56	58
WORSE	16	12	16	15	14	14	14	17	18	18	19	22	17
DK,NA	2	2	2	1	3	1	2	1	4	2	2	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS



CHART 14 - HISTORICAL SERIES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

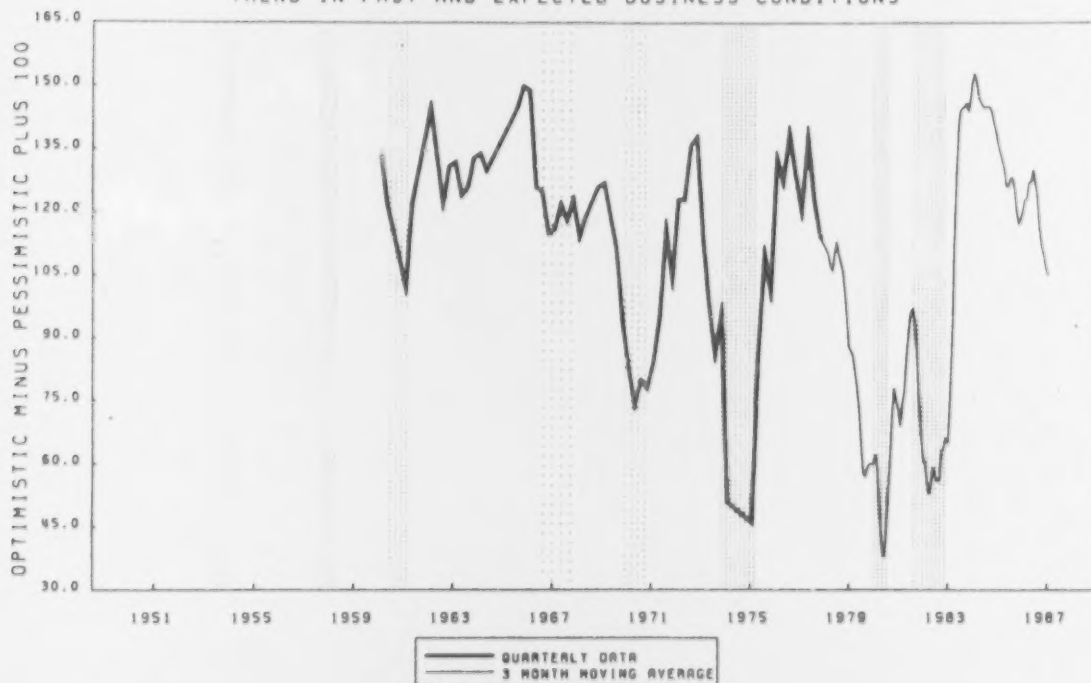


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
TREND:													
Continuous increase (a)	16%	19%	20%	23%	19%	18%	16%	17%	15%	13%	12%	12%	15%
Intermittant increase (b)	33	33	32	35	33	41	36	29	29	31	30	27	27
Remain unchanged (c)	11	10	7	7	8	5	10	10	8	10	10	10	10
Intermittant decline (d)	19	20	18	14	20	17	18	20	22	21	23	23	24
Continuous decline (e)	8	9	10	10	8	10	9	12	12	10	11	17	11
Mixed change (f)	10	6	10	8	9	7	8	9	10	11	11	7	10
DK,NA	3	3	3	3	3	2	3	3	4	4	3	4	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
 (b) Better/Same or Same/Better
 (c) Same/Same
 (d) Worse/Same or Same/Worse
 (e) Worse/Worse
 (f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS



CHART 15 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

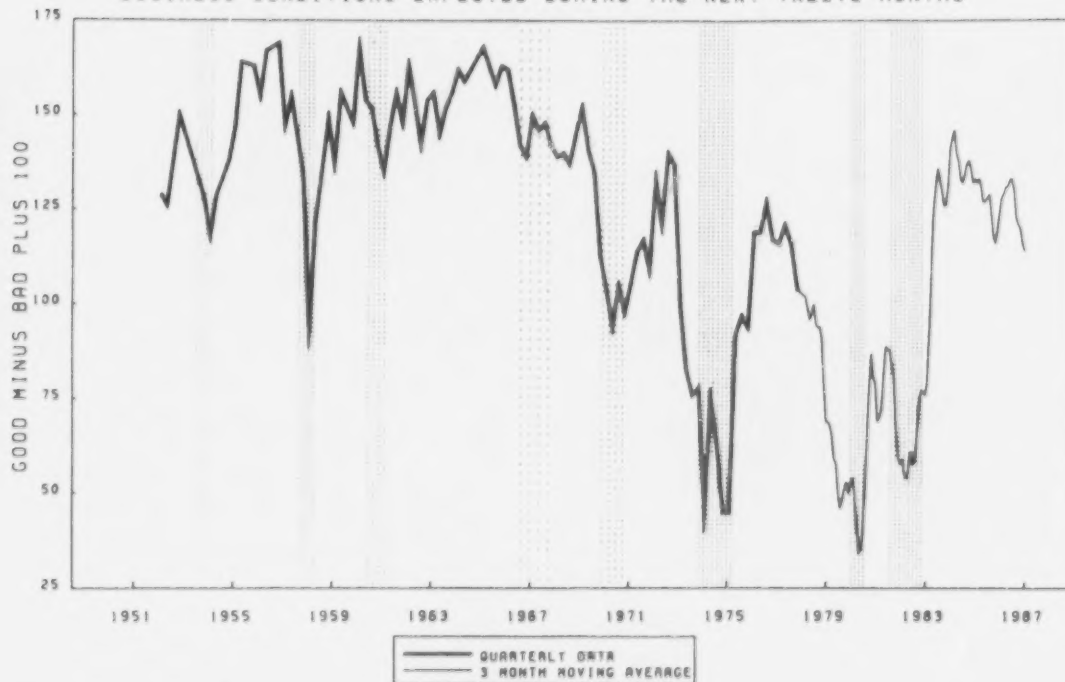


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
GOOD TIMES	58%	61%	58%	61%	60%	62%	61%	55%	50%	55%	53%	45%	53%
UNCERTAIN; GOOD & BAD	3	2	3	2	2	2	3	4	3	3	3	2	3
BAD TIMES	32	29	29	28	29	26	30	32	35	31	33	41	36
DON'T KNOW	5	4	7	6	5	6	4	5	8	4	5	5	4
NOT ASCERTAINED	2	4	3	3	4	4	2	4	4	7	6	7	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS



CHART 16 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS



TABLE 16
BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
GOOD TIMES	39%	42%	39%	36%	37%	40%	38%	39%	33%	41%	35%	33%	30%
UNCERTAIN; GOOD & BAD	12	11	13	18	14	14	13	10	11	13	14	13	13
BAD TIMES	46	44	43	42	45	40	44	45	49	42	48	50	53
NOT ASCERTAINED	3	3	5	4	4	6	5	6	7	4	3	4	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

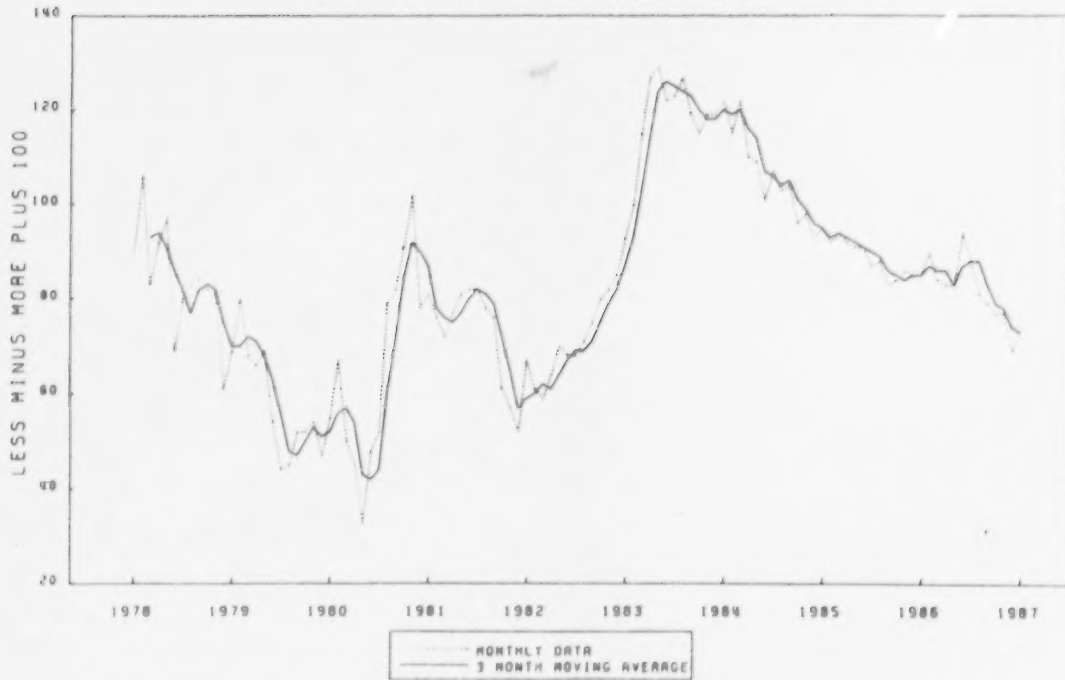


CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

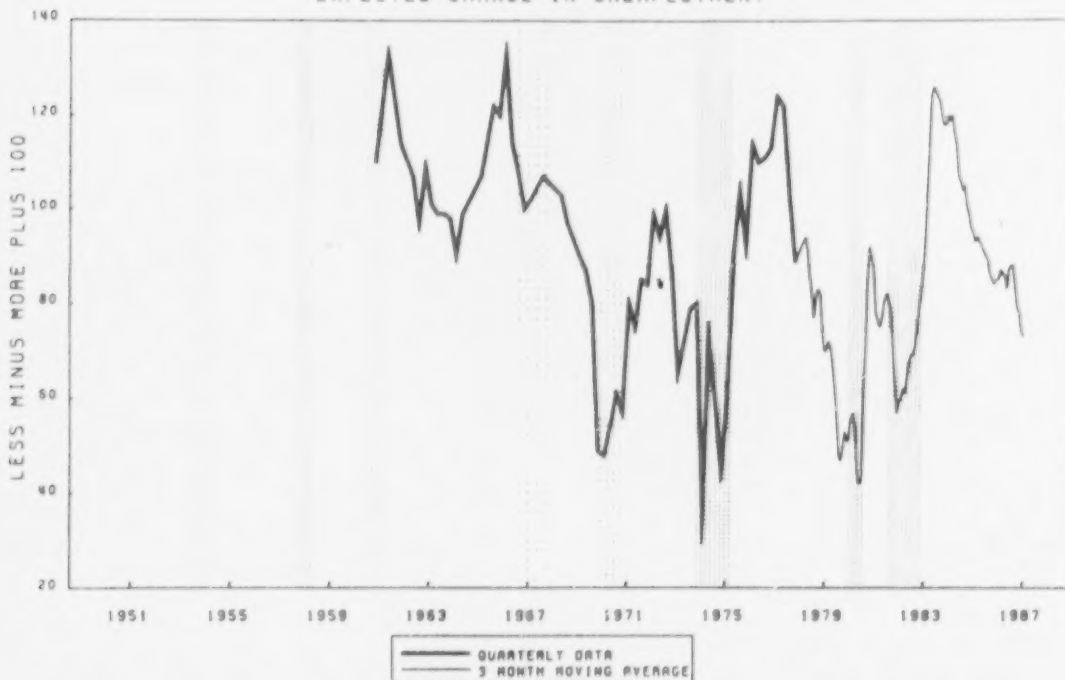


TABLE 17
EXPECTED CHANGE IN UNEMPLOYMENT

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
LESS	15%	19%	17%	15%	14%	20%	15%	13%	11%	10%	11%	11%	12%
SAME	54	51	48	51	54	53	56	54	54	55	54	46	49
MORE	30	29	33	32	31	26	27	32	32	33	34	42	38
DK,NA	1	1	2	2	1	1	2	1	3	2	1	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES



CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

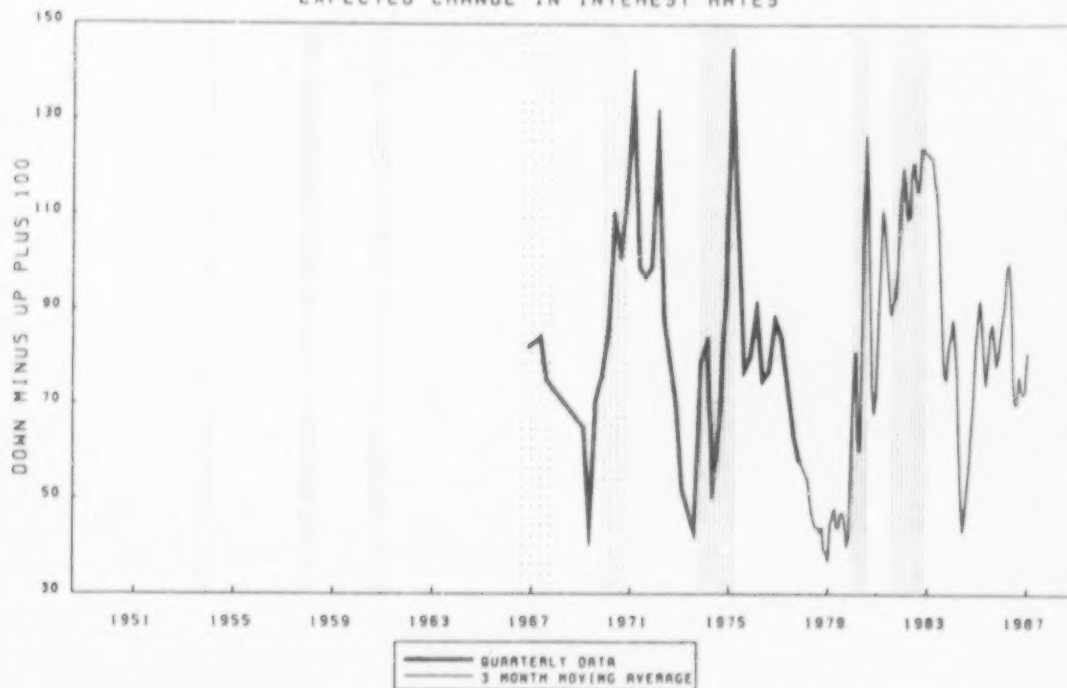


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
GO UP	38%	30%	26%	35%	41%	54%	45%	42%	49%	50%	43%	41%	37%
STAY THE SAME	34	40	35	34	35	34	35	34	26	33	37	37	35
GO DOWN	25	27	36	28	21	10	19	22	23	15	19	20	25
DK,NA	3	3	3	3	3	2	1	2	2	2	1	2	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS



CHART 19 - HISTORICAL SERIES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS



TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
SAME OR DOWN	24%	28%	36%	35%	31%	22%	29%	21%	23%	22%	22%	20%	20%
WILL GO UP BY:													
1-2%	16	16	13	15	13	20	13	18	18	17	19	18	18
3-4%	24	19	16	18	22	20	23	24	23	19	25	23	24
5%	14	17	15	11	14	16	16	14	16	21	15	17	14
6-9%	6	6	4	5	5	6	5	7	5	5	6	7	6
10-14%	6	5	6	7	6	6	5	8	5	8	7	6	7
15% or more	5	3	3	4	3	4	4	4	3	2	2	4	4
DK how much up	4	4	6	4	4	5	4	4	6	5	3	4	6
DK, NA	1	2	1	1	2	1	1	*	1	1	1	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	4.2	3.7	3.2	3.6	3.4	3.8	3.7	4.3	3.5	3.8	3.6	4.1	3.9
VARIANCE	47	38	39	42	27	23	32	38	18	17	28	32	25
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 20 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

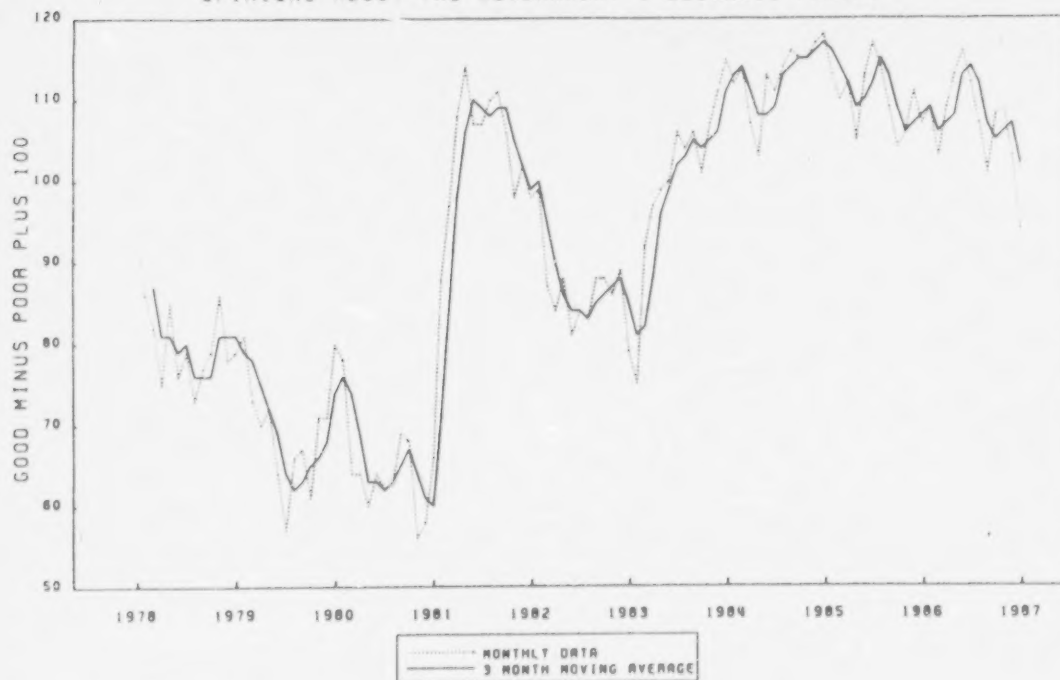


CHART 20 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

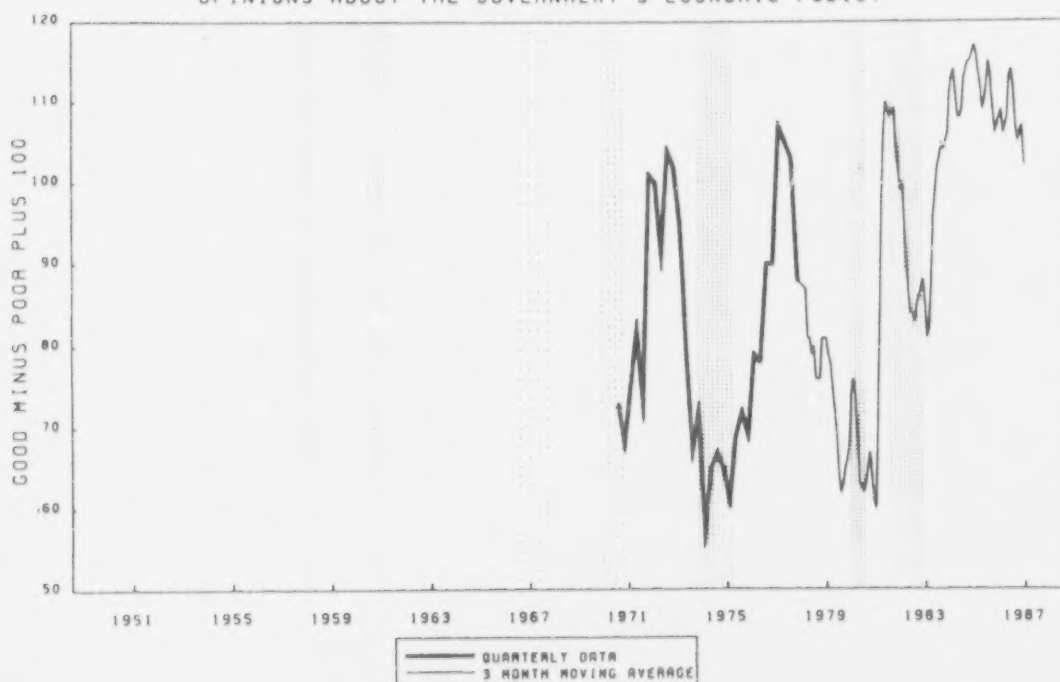


TABLE 20
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
A GOOD JOB	27%	29%	25%	29%	30%	33%	29%	28%	22%	27%	28%	26%	20%
ONLY FAIR	52	48	51	50	49	49	52	50	54	52	51	49	52
A POOR JOB	20	20	22	20	17	17	17	21	21	19	19	23	26
DK,NA	1	3	2	1	4	1	2	1	3	2	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS



CHART 21 - HISTORICAL SERIES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

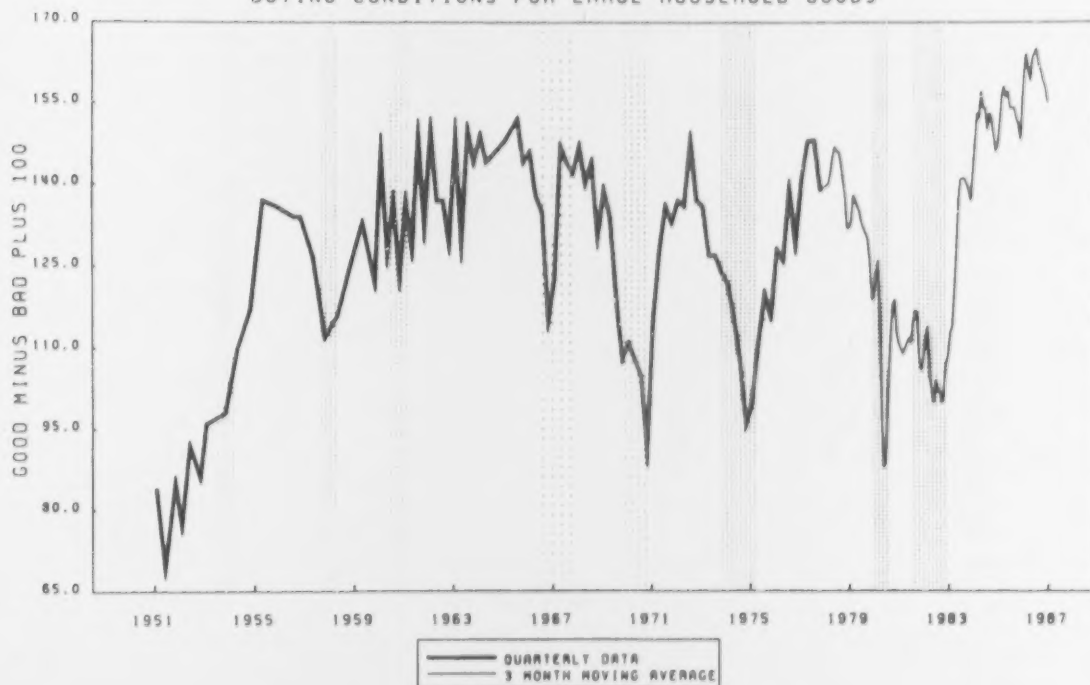


TABLE 21
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
GOOD TIME TO BUY	80%	78%	75%	75%	75%	81%	79%	77%	76%	76%	72%	75%	72%
UNCERTAIN, DEPENDS	8	8	10	10	8	8	7	7	9	10	11	8	8
BAD TIME TO BUY	12	14	15	15	17	11	14	16	15	14	17	17	20
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

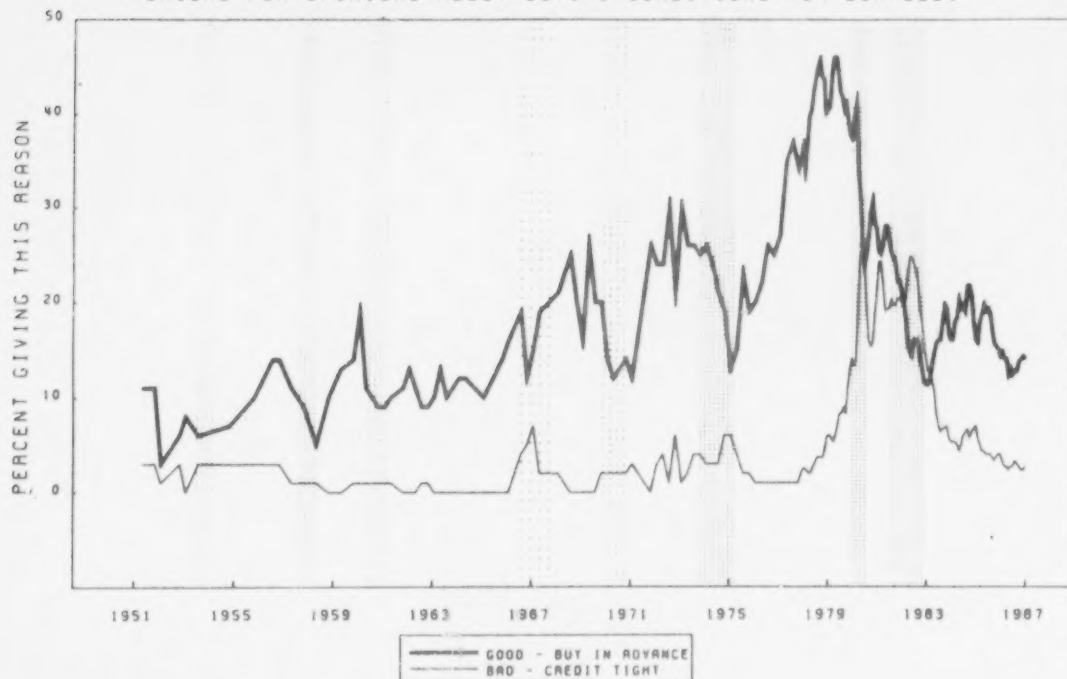


CHART 22B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

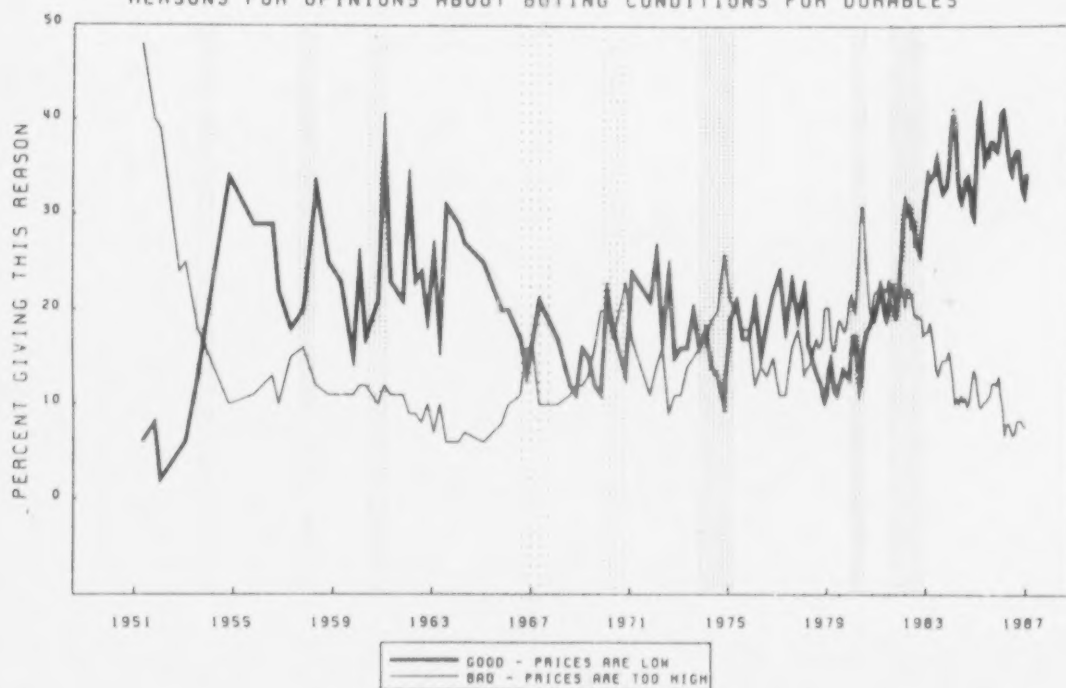


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	43%	38%	37%	35%	33%	35%	40%	35%	35%	33%	30%	33%	40%
Prices won't come down; are going higher	13	17	12	13	12	14	11	13	14	14	14	15	13
Interest rates low; credit is easy	18	20	21	29	31	31	26	26	29	26	25	18	20
BAD TIME TO BUY:													
Prices are high	5	7	8	9	7	6	7	8	10	7	8	8	7
Interest rates are high; credit is tight	3	3	2	3	2	3	3	4	2	2	3	2	3
Lack of purchasing power	6	6	8	7	9	5	6	7	8	7	8	6	8

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES



CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

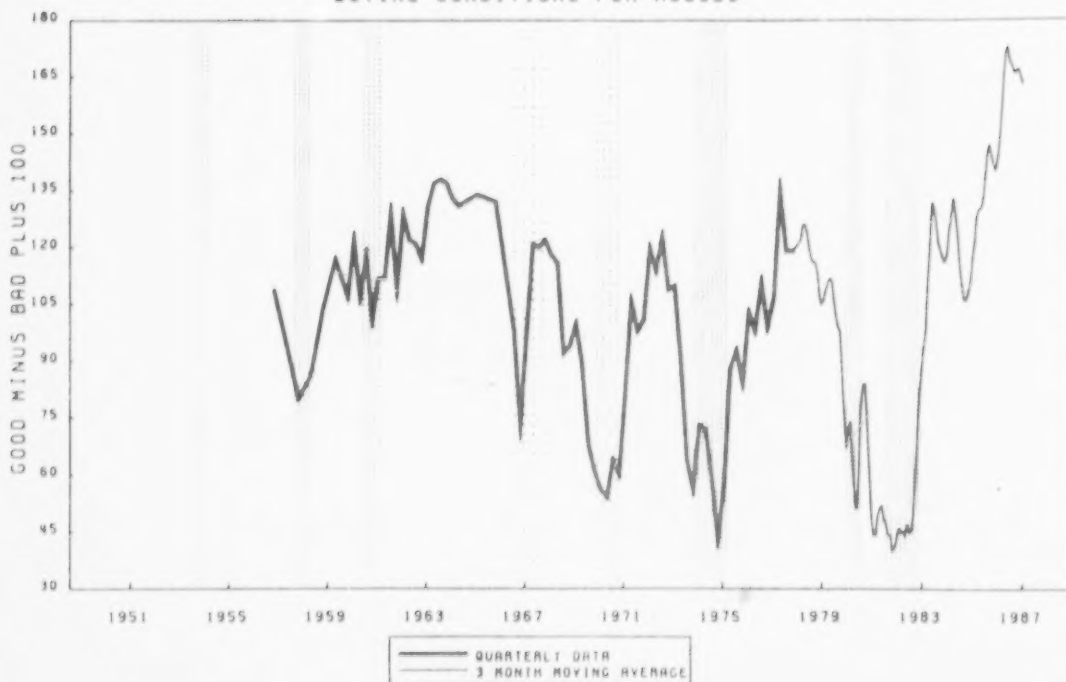


TABLE 23
BUYING CONDITIONS FOR HOUSES

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
GOOD TIME TO BUY	72%	76%	82%	86%	83%	86%	82%	81%	83%	81%	83%	80%	76%
UNCERTAIN, DEPENDS	3	2	3	3	4	1	1	3	2	2	2	4	4
BAD TIME TO BUY	25	22	15	11	13	13	17	16	15	17	15	16	20
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES



CHART 24B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

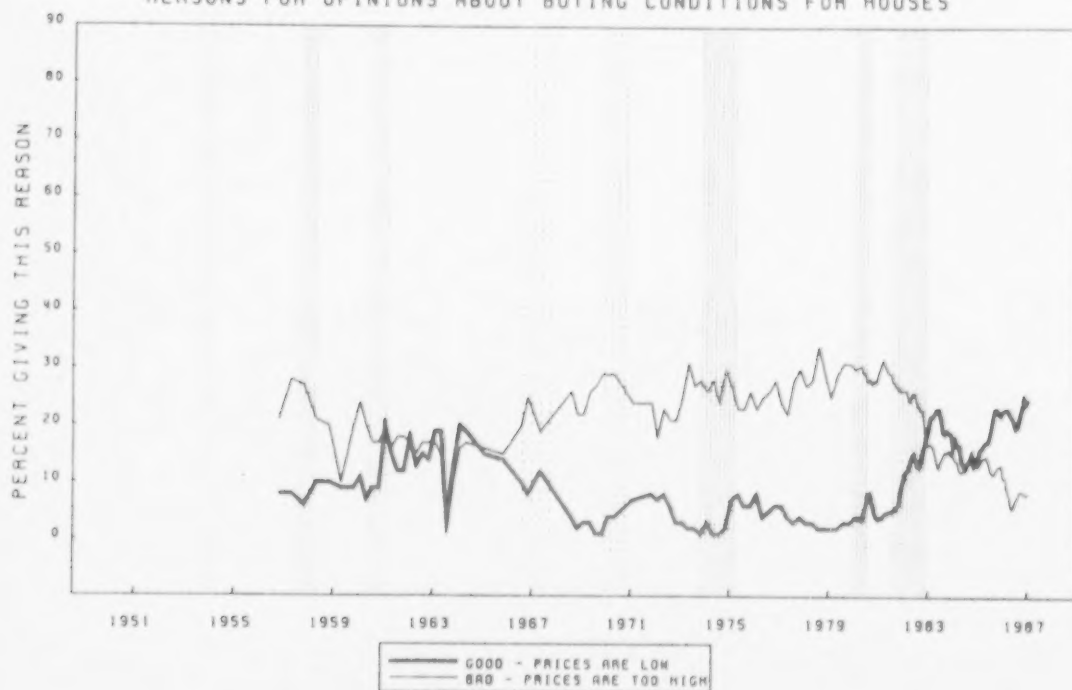


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	24%	22%	23%	22%	20%	21%	18%	21%	26%	22%	27%	23%	24%
Prices won't come down; are going higher	8	8	6	5	3	4	4	4	6	6	6	6	5
Interest rates low; credit is easy	60	64	76	83	80	83	77	78	79	75	75	73	69
Good investment	6	4	5	3	3	3	5	3	5	6	5	6	6
BAD TIME TO BUY:													
Prices are high	8	12	6	5	6	6	9	8	9	9	7	8	10
Interest rates are high; credit is tight	14	11	5	4	5	5	7	5	5	5	5	5	7
Lack of purchasing power	10	8	8	6	6	6	7	8	6	8	8	7	9

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS



CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS



TABLE 25
BUYING CONDITIONS FOR CARS

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
GOOD TIME TO BUY	71%	73%	74%	73%	75%	77%	74%	73%	81%	72%	63%	64%	55%
UNCERTAIN; DEPENDS	9	6	8	5	6	5	6	8	3	7	6	7	9
BAD TIME TO BUY	20	21	18	22	19	18	20	19	16	21	31	29	36
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS



CHART 26B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS



TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	23%	22%	22%	22%	28%	23%	23%	23%	25%	22%	26%	23%	21%
Prices won't come down; are going higher	9	9	9	7	6	8	8	9	6	5	7	9	8
Interest rates low; credit is easy	51	53	54	54	58	62	53	52	73	58	43	45	34
New fuel efficient models	*	1	*	1	*	*	1	*	*	*	*	*	1
BAD TIME TO BUY:													
Prices are high	13	13	13	14	10	11	14	12	11	12	17	15	17
Interest rates are high; credit is tight	3	4	3	3	3	3	3	3	4	8	9	4	6
Lack of purchasing power	5	5	4	6	6	4	5	5	2	2	4	4	6
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	4	2	3	2	2	2	3	1	1	1	2	2	2

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

EXPLANATORY CHARTS

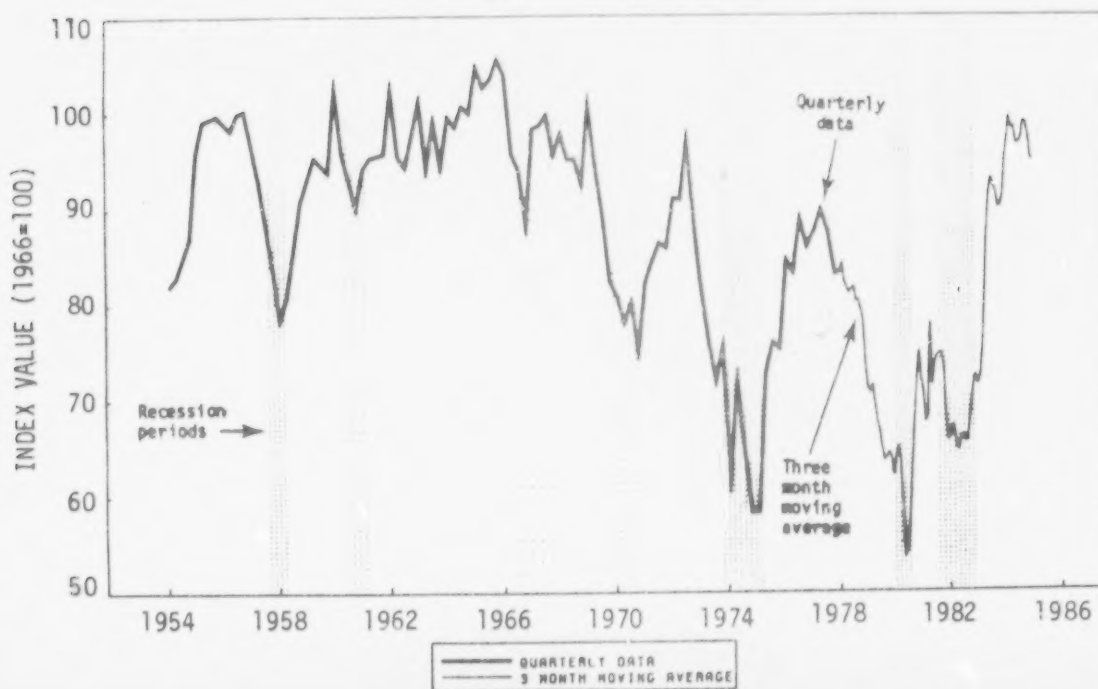
CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT



CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.

MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.

THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES:	November 1948	-	October 1949
	July 1953	-	May 1954
	August 1957	-	April 1958
	April 1960	-	February 1961
	June 1966	-	November 1967*
	December 1969	-	November 1970
	November 1973	-	March 1975
	January 1980	-	July 1980
	July 1981	-	November 1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS^a OF SURVEY FINDINGS
(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	700 ^b	1,400 ^c	2,100 ^d
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

^aThe figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

^bAverage size of monthly surveys.

^cAverage size of two monthly surveys.

^dAverage size of three monthly surveys (one quarter).

SUMMARY

February 6, 1987

JANUARY 1987 MONTHLY REPORT



Surveys of Consumer Attitudes

Richard T. Curtin, Director

FAVORABLE VEHICLE BUYING ATTITUDES PLUNGE OVERALL CONSUMER CONFIDENCE REMAINS POSITIVE

- In the January 1987 survey, the Index of Consumer Sentiment was 90.4, just above the 89.1 recorded one month earlier, but significantly below the 95.6 recorded one year earlier. Compared with the cyclical peak recorded in early 1984, the Index has declined by a total of only 10 Index-points; the Index remains nearly 40 Index-points above the 1980 lowpoint, and its current level is comparable to the cyclical peak reached in the late 1970s.
- Among families with incomes of \$30,000 or more, the Index rose to 101.2 in January 1987 from 98.7 one month earlier, but remained substantially below the 109.7 recorded one year earlier. During the past year, declines in sentiment were recorded among residents of the North Central and Western regions, compared with largely unchanged sentiment levels among residents of the Northeast and Southern regions.
- Favorable attitudes toward buying conditions for vehicles were held by 55 percent of all families in the January 1987 survey, 9 percentage points below the December reading, and 26 percentage points below the September 1986 peak. This sharp decline accompanied the withdrawal of discount programs by vehicle manufactures, and the ending of the sales tax deductability on vehicle purchases.
- Attitudes toward buying conditions for homes and household durables remained at very favorable levels in the January 1987 survey. Favorable home buying attitudes were held by 76 percent of all families, based on favorable perceptions of mortgage interest rates. Favorable attitudes toward buying conditions for household durables were held by 72 percent of all families, mainly due to the availability of discounted prices.

● ● ●

The January 1987 survey indicates that consumers remain confident that economic prospects for the year ahead will be favorable, even if there are darkening clouds on the distant horizon. While economic conditions in the country as a whole were expected to remain favorable during the year ahead, the majority of consumers expressed concerns that a recession might reoccur during the next five years or so. Job prospects are of particular concern, both because the expected slow growth during the year ahead will be insufficient to reduce the current unemployment rate, and because increases are expected over the longer term.

Although favorable attitudes toward vehicle buying conditions declined sharply, reflecting the withdrawal of incentive programs, favorable evaluations of buying conditions for homes and large household durables remained at very favorable levels. Importantly, at the start of 1987 consumers' evaluations of their own financial situation remained favorable. And given these favorable evaluations of personal finances, these data indicate that consumers will continue to be responsive to price and interest rate discounts. The recent plunge in favorable buying attitudes could be quickly reversed with renewed discount programs. And it is the return of these discounts for which consumers now wait.

Monitoring Economic Change Program

Institute for Social Research • P.O. Box 1248 • Ann Arbor, Michigan 48106-1248 • (313) 763-5224

***Favorable Buying Attitudes Respond
To Availability of Incentives***

Favorable vehicle buying attitudes have declined sharply during the past several months. The proportion of families holding favorable vehicle buying attitudes fell to 55 percent in the January 1987 survey, from 64 percent in December, and the all-time peak of 81 percent in September 1986. This sharp decline in favorable vehicle buying attitudes has been due to the lack of purchase incentives, especially discounts on interest rates. In the January 1987 survey, the proportion of families that mentioned the availability of reduced interest rates on vehicle loans fell to 34 percent from 45 percent one month earlier, and the peak of 73 percent recorded in September 1986. This widespread response by consumers testifies to the importance of purchase incentive programs. Moreover, now consumers reason that the disappearance of incentive programs only raises the likelihood of their reappearance as sales weaken.

During the past three months, interest rate expectations have become more favorable, reversing mid year declines. Among all families in the January 1987 survey, 25 percent expected interest rates on consumer loans to decline during the year ahead, up from 15 percent three months earlier. The proportion of families that expected increases in interest rates fell to 37 percent in January 1987 from 50 percent three months earlier. This improvement at the start of 1987 returned interest rate expectations to the same levels recorded at the start of 1986.

Given that the tax deductability of interest charges on vehicle loans is now being phased out, the after tax cost of these loans will rise, thus making interest rate incentive programs more appealing to consumers. For home owners that itemize tax deductions, the interest rate deductability can be retained by using home equity loans to finance vehicle purchases. For most consumers, however, the primary appeal of interest rate reductions will remain focused on the monthly repayment amount. Since families with substantial

home equity on which to draw also tend to have higher than average current incomes, the consumers most attracted to financing through vehicle manufacturers will also tend to place relatively more emphasis on the affordability of monthly repayment amounts.

Homes. Favorable attitudes toward buying conditions for homes were held by 76 percent of all families in the January 1987 survey, between the 80 percent recorded one month earlier, and the 72 percent recorded one year earlier. When asked to explain their views on home buying conditions, 69 percent of all families in January 1987 mentioned the availability of lower mortgage interest rates, down from the peak of 83 percent recorded in mid 1986, but still above the 60 percent recorded one year earlier. In addition, perceptions of market prices for homes remained on balance favorable in the January 1987 survey, with 24 percent that mentioned the availability of good home buys, compared with just 10 percent that complained about high home prices.

Household Durables. Buying conditions for large household durables were viewed favorably by 72 percent of all families in the January 1987 survey, somewhat below the 75 percent recorded one month earlier, and the 80 percent recorded one year earlier. Even after this decline, these buying attitudes remained at very favorable levels at the start of 1987. The primary reason cited by consumers for these positive evaluations was the availability of price reductions. Among all families in the January 1987 survey, 40 percent mentioned the availability of low and discounted prices on household durables, up from 33 percent one month earlier, and just below the 43 percent recorded one year earlier.

Personal Financial Trends Remain Positive

At the start of 1987, consumers evaluated their overall personal financial situation in favorable terms, as they have for the past three years. Among all families in the January 1987 survey, 45 percent reported that their financial situation had improved

during the past year, identical to the January 1986 reading. Income increases during the past year were mentioned by 38 percent of all families in the January 1987 survey, up from 35 percent recorded both one month and one year earlier. Importantly, just 7 percent of all families in the January 1987 survey complained about the erosion of living standards due to inflation, the lowest proportion recorded since the mid 1960s.

An improved financial situation during the year ahead was expected by 39 percent of all families in the January 1987 survey, up from 36 percent one month earlier, and 35 percent one year earlier. Just 9 percent of all families expected their financial situation to worsen during 1987. At the start of 1987, about half of all families expected their financial situation to remain on balance unchanged during the year ahead (48 percent), as was true at the start of 1986 (50 percent). Although income increases were expected by the majority in the January 1987 survey (62 percent), the size of the expected income increase was small, and only marginally larger than the expected increase in prices (medians of 3.3% versus 2.9%).

Unemployment Top Concern

Most consumers expect the national economy to continued its slow pace of growth during the year ahead, but the majority believe that a recession is on the longer term horizon. In the January 1987 survey, 58 percent of all families expected that 1987 would be characterized by the same sluggish performance of the national economy as in 1986. Fewer families expected the economy to improve (24 percent) or worsen (17 percent) in the January 1987 survey, nearly identical to the year earlier figures. And despite this outlook for only sluggish growth, the majority of families at the start of 1987 expected good times financially in the economy as a whole during the year ahead—53 percent in January 1987, somewhat below the 58 percent recorded one year earlier. However, when asked about prospects for the economy over the longer term, the majority of consumers expected the reoccurrence of a recession. In the January 1987 survey, 53 percent of all families

expected bad times financially during the next five years or so, up from 46 percent one year earlier. The proportion that expected uninterrupted growth over the longer term fell to 30 percent in January 1987 from 39 percent at the start of 1986.

Unemployment was the primary concern expressed about the lack of more vigorous growth in the short term, and the dominant longer term concern. Reports of news heard about recent economic developments were dominated by references to unemployment, announcements of layoffs, and the like—mentioned by 29 percent of all families in the January 1987 survey, up from 18 percent one year earlier. The national unemployment rate was expected to increase during the year ahead by 38 percent of all families in the January 1987 survey, down from 42 percent in December, but above the 30 percent recorded at the start of 1986. In contrast, just 12 percent of all families expected declines in the unemployment rate during 1987. Importantly, however, the most common expectation in the January 1987 survey was that the national unemployment rate would remain at about its current level through year end—49 percent in January 1987, somewhat below the 54 percent at the start of 1986.

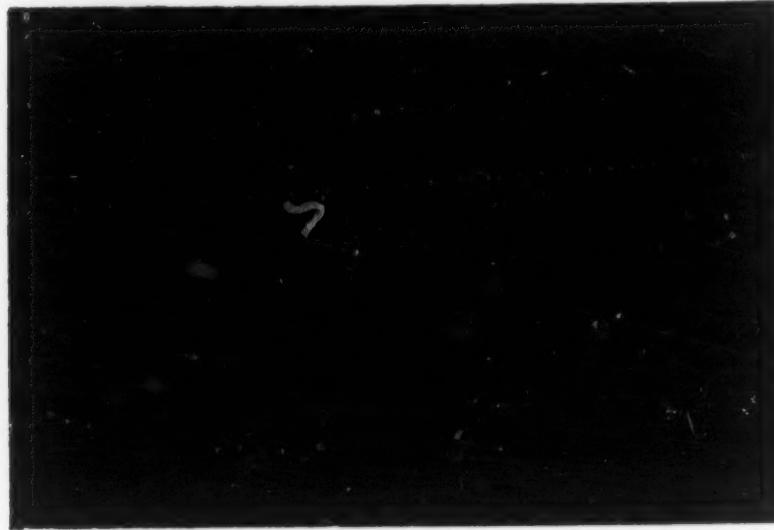
Confidence in government economic policies to control inflation and unemployment fell to its lowest level in more than three years in the January 1987 survey. Among all families, 20 percent favorably rated government economic policies, down from 26 percent one month earlier, and 27 percent one year earlier. For the first time in more than three years, the number of families giving unfavorable ratings exceeded those giving favorable ratings. In the January 1987 survey, unfavorable ratings of government economic policies were reported by 26 percent of all families, up from 23 percent one month earlier, and 20 percent one year earlier.

• • •

The January 1987 survey was conducted between January 5 and January 31, 1987, and included 655 completed interviews.

3/12/57 667475-2A

SURVEYS OF CONSUMER ATTITUDES



Institute for Social Research

T A B L E S A N D C H A R T S

FEBRUARY 1987

The February 1987 survey is the 223rd in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

Two charts highlight recent changes and historical patterns for most questions. Recent change charts include quarterly data before 1978 and monthly data starting in January of 1978. Historical series charts show quarterly data before 1978 and 3 month moving averages since then. See the explanatory charts at the end of this book for a detailed description.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

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25	BUYING CONDITIONS FOR CARS
26	SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

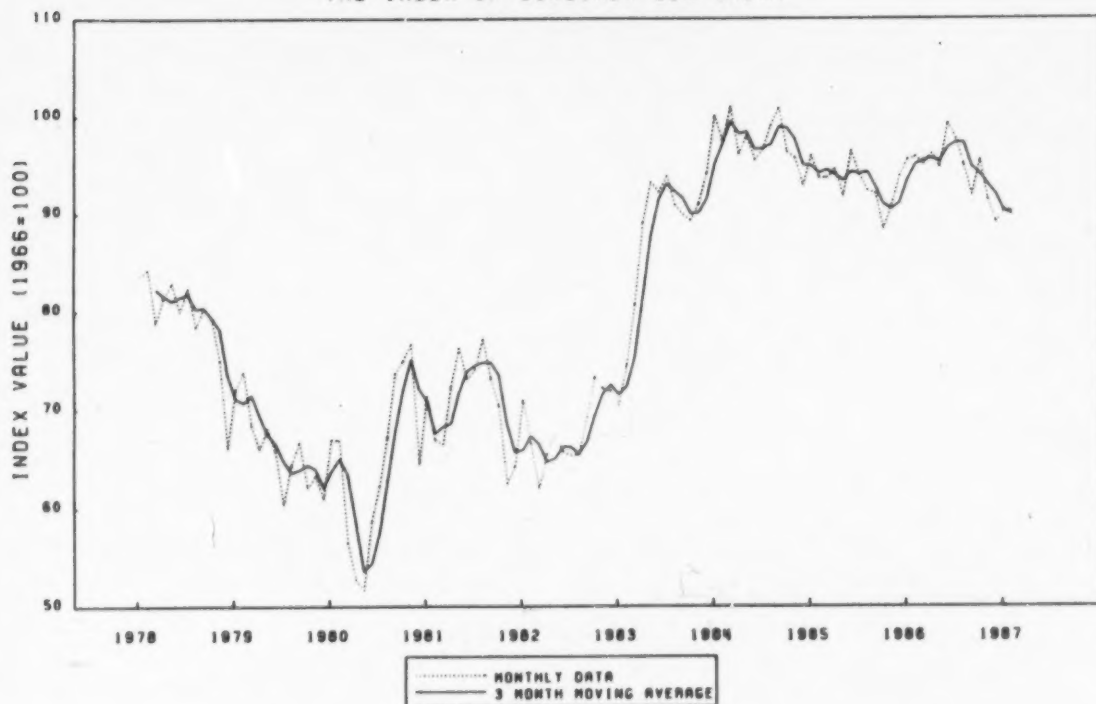


CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

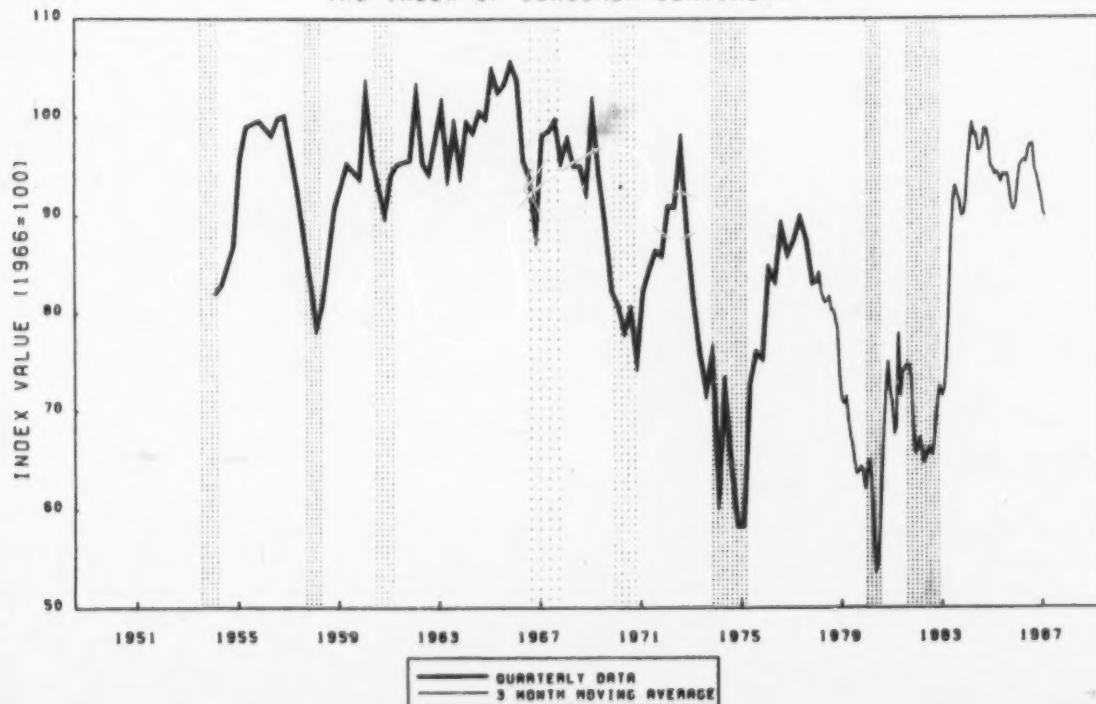


TABLE 1
THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	All families	Families with incomes over \$30,000	Families with incomes over \$40,000
February 1984	97.4	114.3	116.8
March 1984	101.0	117.8	118.3
April 1984	96.1	107.0	107.8
May 1984	98.1	107.8	108.9
June 1984	95.5	105.5	108.6
July 1984	96.6	102.7	109.2
August 1984	99.1	113.3	116.4
September 1984	100.9	110.8	112.9
October 1984	96.3	113.5	114.8
November 1984	95.7	112.9	113.6
December 1984	92.9	101.5	101.7
January 1985	96.0	110.2	112.1
February 1985	93.7	113.8	113.8
March 1985	93.7	110.8	114.4
April 1985	94.6	108.9	114.9
May 1985	91.8	105.3	107.7
June 1985	96.5	107.4	110.3
July 1985	94.0	105.2	109.5
August 1985	92.4	106.7	110.2
September 1985	92.1	101.7	104.9
October 1985	88.4	99.6	107.4
November 1985	90.9	100.8	100.3
December 1985	93.9	106.0	108.3
January 1986	95.6	109.7	110.1
February 1986	95.9	107.8	109.0
March 1986	95.1	102.9	110.2
April 1986	96.2	106.9	111.0
May 1986	94.8	105.5	109.9
June 1986	99.3	110.6	112.4
July 1986	97.7	109.6	108.5
August 1986	94.9	105.0	106.6
September 1986	91.9	99.5	102.1
October 1986	95.6	102.8	105.5
November 1986	91.4	97.5	98.7
December 1986	89.1	98.7	98.3
January 1987	90.4	101.2	104.0
February 1987	90.2	103.6	103.6

CHART 2A - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

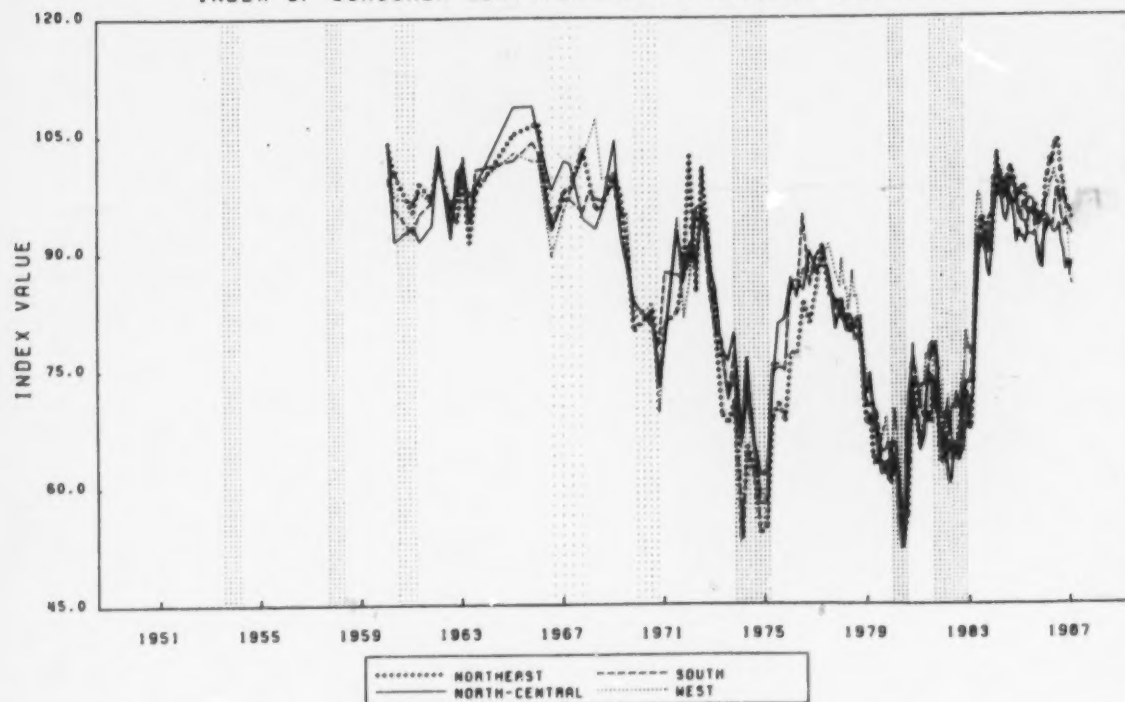


CHART 2B - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

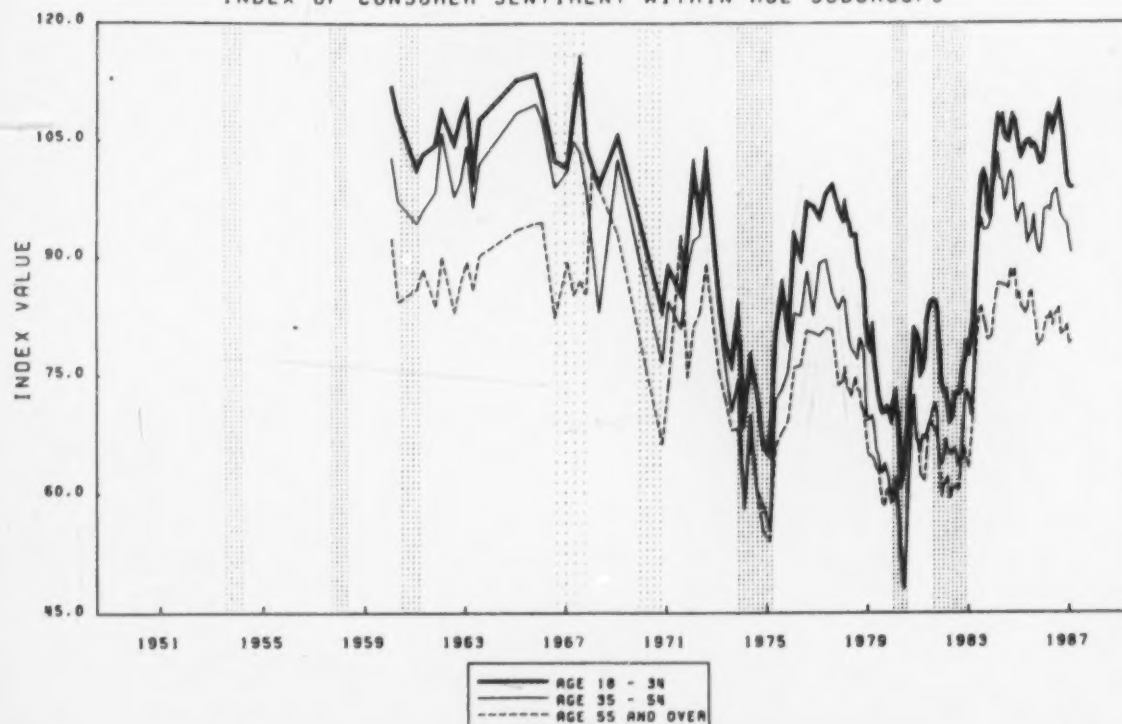


TABLE 2
INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY	CENSUS REGION				AGE OF RESPONDENT		
	North East†	North Central	South	West†	18-34	35-54	55+
February 1984	102.3	98.4	93.5	97.1	106.2	98.9	86.5
March 1984	104.8	98.5	102.1	97.5	109.9	105.2	86.6
April 1984	92.8	96.1	96.5	100.5	107.2	95.4	86.0
May 1984	98.8	96.3	96.5	103.9	107.5	98.8	86.6
June 1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July 1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August 1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September 1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October 1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November 1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December 1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January 1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February 1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March 1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April 1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May 1985	88.8	94.0	91.9	91.3	103.2	87.9	84.6
June 1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July 1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August 1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September 1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October 1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November 1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December 1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January 1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8
February 1986	103.4	92.7	93.2	98.0	109.7	94.1	83.8
March 1986	99.1	94.9	91.3	98.9	109.1	96.0	82.0
April 1986	102.7	92.3	94.4	99.5	104.8	97.8	83.6
May 1986	101.2	90.1	93.5	98.8	104.9	99.9	78.3
June 1986	106.2	94.1	98.5	102.7	112.7	97.9	86.6
July 1986	103.9	93.4	101.7	94.7	108.2	98.6	84.5
August 1986	102.5	92.6	90.5	98.2	107.9	95.2	80.1
September 1986	94.6	87.0	91.9	95.8	106.3	92.4	76.1
October 1986	99.1	90.0	96.5	99.3	102.5	97.3	85.7
November 1986	95.8	85.6	93.2	92.3	99.5	94.2	80.4
December 1986	91.8	90.4	89.5	84.0	98.0	91.3	78.3
January 1987	98.1	85.9	96.0	83.9	99.9	91.2	78.4
February 1987	92.4	89.5	90.7	89.2	99.1	89.2	81.5

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

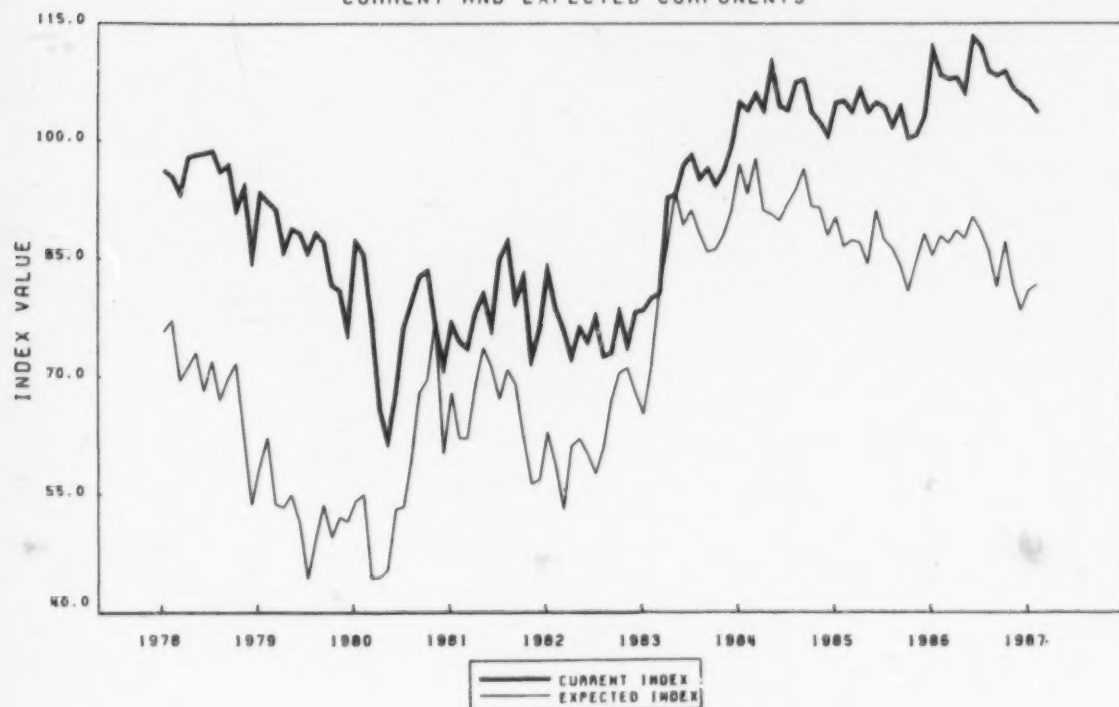


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

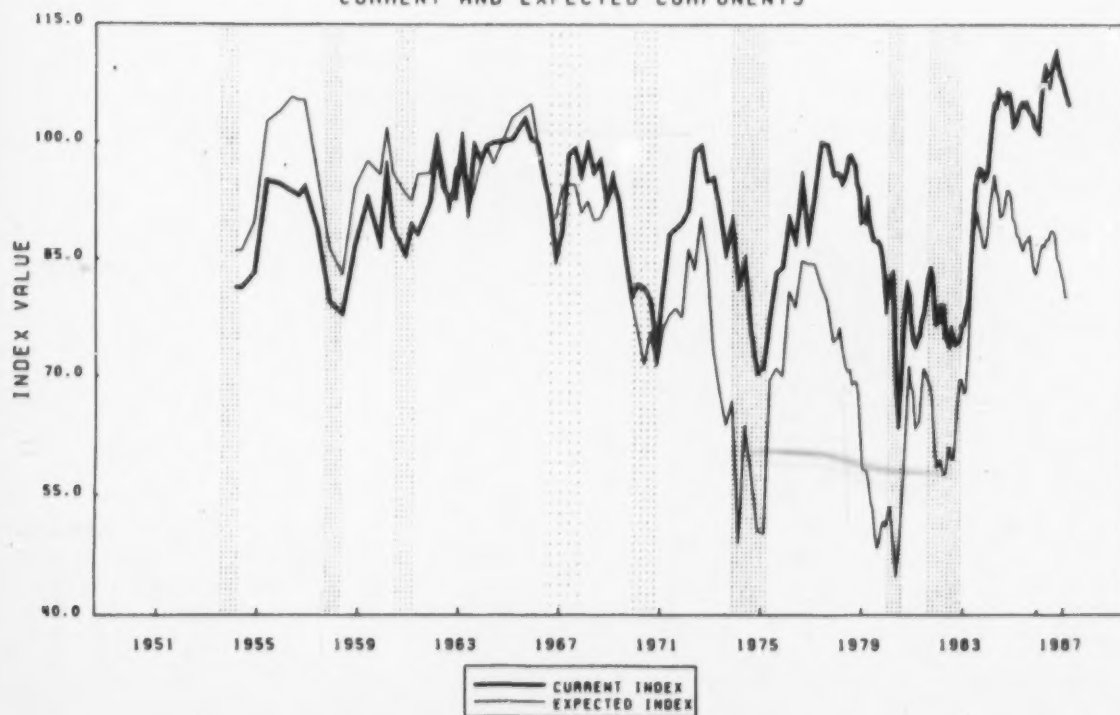


TABLE 3
COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	INDEX COMPONENTS +						
	Personal finances		Business conditions		Buying conds.	Current Index	Expected Index
	Current†	Expected	12 months	5 years			
	(1)	(2)	(3)	(4)	(5)	(1,5)	(2,3,4)
February 1984	119	130	139	106	151	103.9	93.2
March 1984	122	135	146	113	153	106.0	97.7
April 1984	116	125	136	107	152	103.5	91.4
May 1984	121	129	131	105	164	109.8	90.6
June 1984	126	124	131	106	145	104.4	89.8
July 1984	117	124	133	113	152	103.9	91.9
August 1984	125	129	137	111	153	107.5	93.7
September 1984	125	131	142	116	154	107.8	96.4
October 1984	118	127	134	107	150	103.6	91.6
November 1984	121	129	132	107	144	102.4	91.5
December 1984	118	125	131	98	143	100.6	87.9
January 1985	119	124	135	104	153	104.9	90.3
February 1985	115	120	131	96	158	105.1	86.5
March 1985	112	123	133	96	156	103.7	87.3
April 1985	116	127	128	95	161	106.6	87.0
May 1985	116	120	121	97	152	103.7	84.2
June 1985	115	127	133	106	157	104.9	91.1
July 1985	116	124	129	98	154	104.3	87.4
August 1985	112	123	125	99	152	101.8	86.3
September 1985	116	124	118	96	155	104.3	84.2
October 1985	111	123	111	90	148	100.3	80.8
November 1985	111	124	120	96	150	100.7	84.5
December 1985	120	124	127	103	147	103.1	88.1
January 1986	122	123	126	93	168	111.8	85.3
February 1986	117	123	132	98	164	108.4	87.8
March 1986	120	124	129	96	160	107.9	86.9
April 1986	120	128	133	94	160	108.1	88.5
May 1986	117	129	131	92	158	106.2	87.5
June 1986	124	127	136	100	170	113.3	90.3
July 1986	126	130	131	94	165	112.1	88.5
August 1986	121	128	123	94	161	108.9	85.9
September 1986	120	127	115	84	161	108.3	81.3
October 1986	120	127	124	99	162	108.9	87.1
November 1986	121	121	120	87	155	106.7	81.6
December 1986	116	127	104	83	158	105.8	78.3
January 1987	120	130	117	77	152	105.1	80.9
February 1987	115	126	117	84	153	103.7	81.6

(1) See Table 4.

(2) See Table 6.

(3) See Table 15.

(4) See Table 16.

(5) See Table 21.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO



CHART 4 - HISTORICAL SERIES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

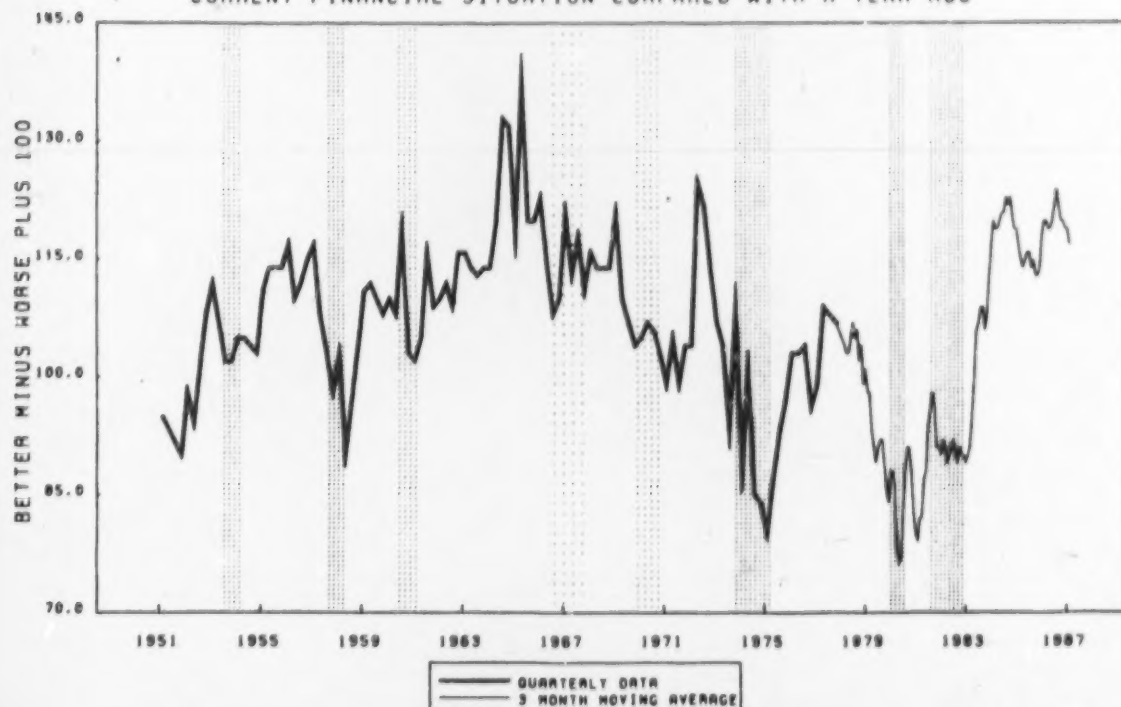


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
BETTER OFF	44%	44%	45%	42%	47%	49%	46%	45%	44%	43%	43%	45%	44%
SAME	29	32	30	33	29	28	28	30	32	35	30	29	27
WORSE OFF	27	24	25	25	23	23	25	25	24	22	27	25	29
DK,NA	*	*	*	*	1	*	1	*	*	*	*	1	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

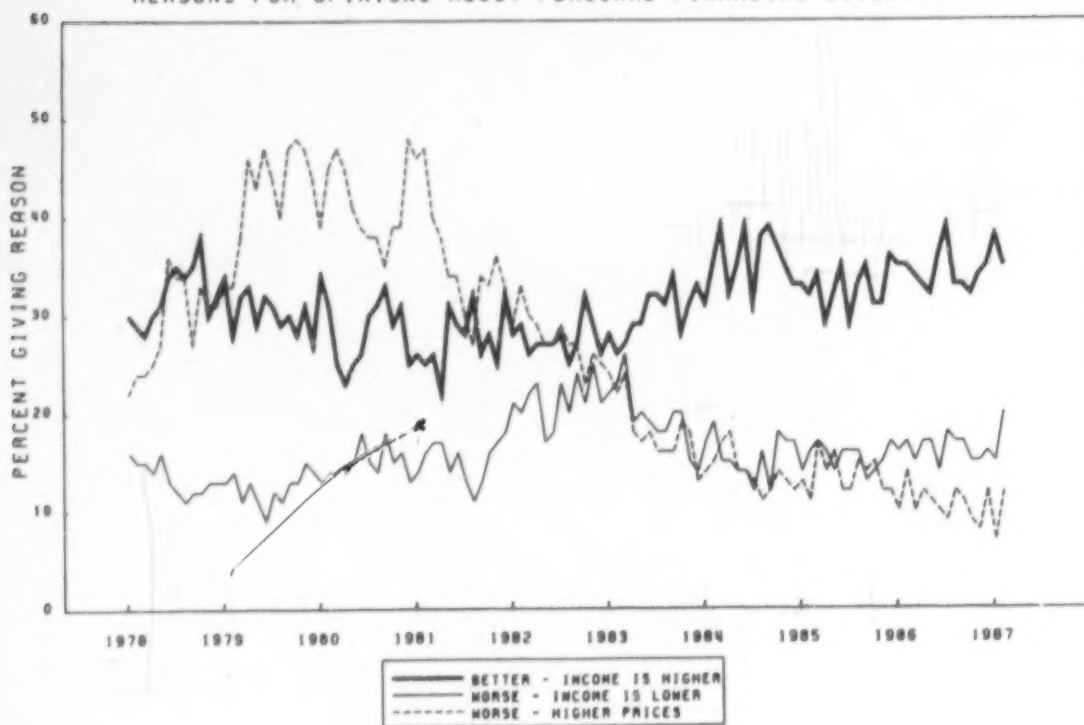


CHART 5 - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

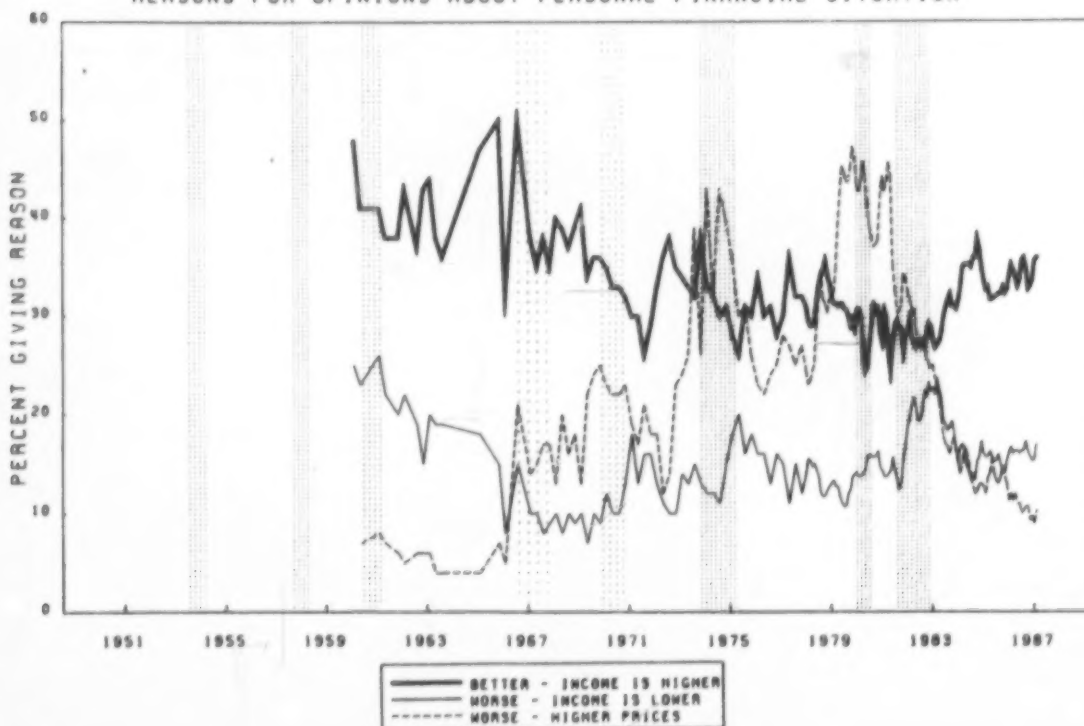


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
BETTER OFF THAN YEAR AGO:													
Income is higher	35%	34%	33%	32%	36%	39%	33%	33%	32%	34%	35%	38%	35%
WORSE OFF THAN YEAR AGO:													
Income is lower	17	15	17	17	14	18	17	17	15	15	16	15	20
Higher prices	14	10	12	11	10	9	12	11	9	8	12	7	12

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES
EXPECTED CHANGE IN FINANCIAL SITUATION

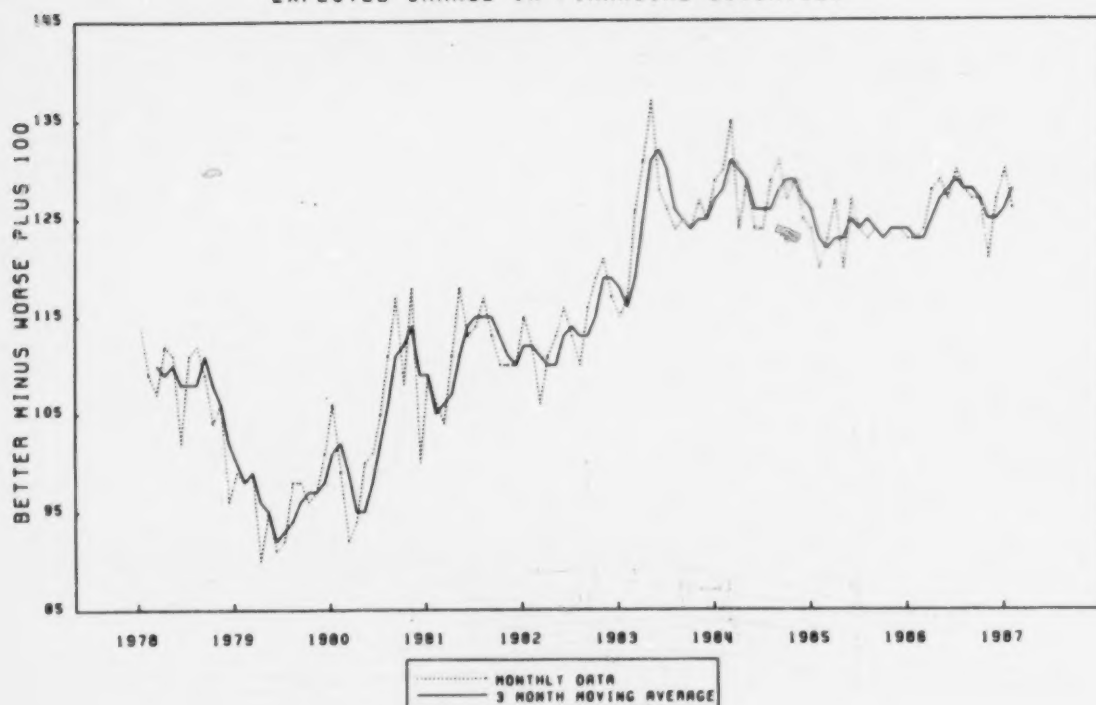


CHART 6 - HISTORICAL SERIES
EXPECTED CHANGE IN FINANCIAL SITUATION

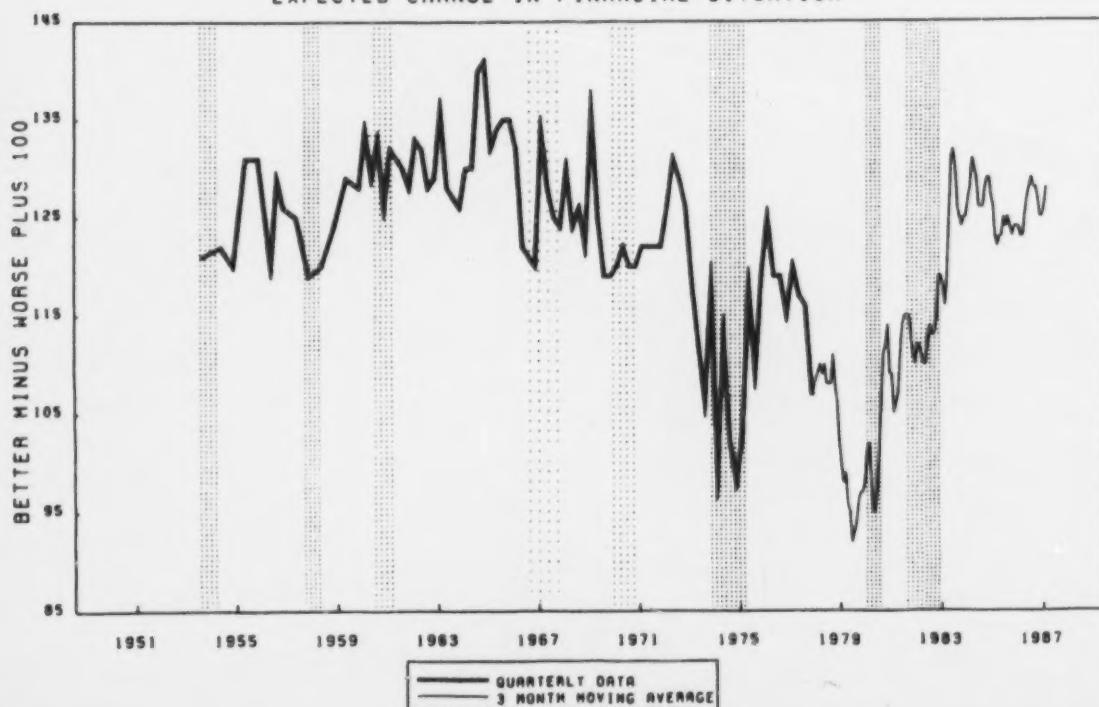


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
BETTER OFF	35%	37%	38%	40%	38%	38%	39%	33%	37%	33%	36%	39%	38%
SAME	50	47	49	47	49	52	48	47	51	52	52	48	48
WORSE OFF	12	13	10	11	11	8	11	11	10	12	9	9	12
DK,NA	3	3	3	2	2	2	2	4	2	3	3	4	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION

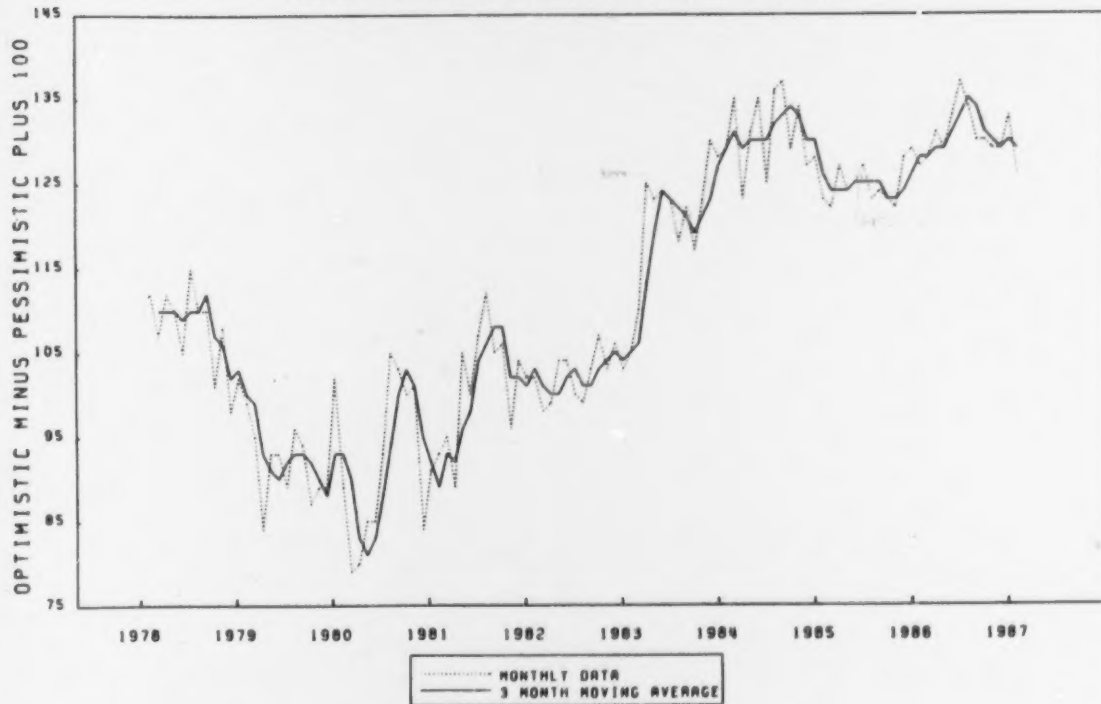


CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION

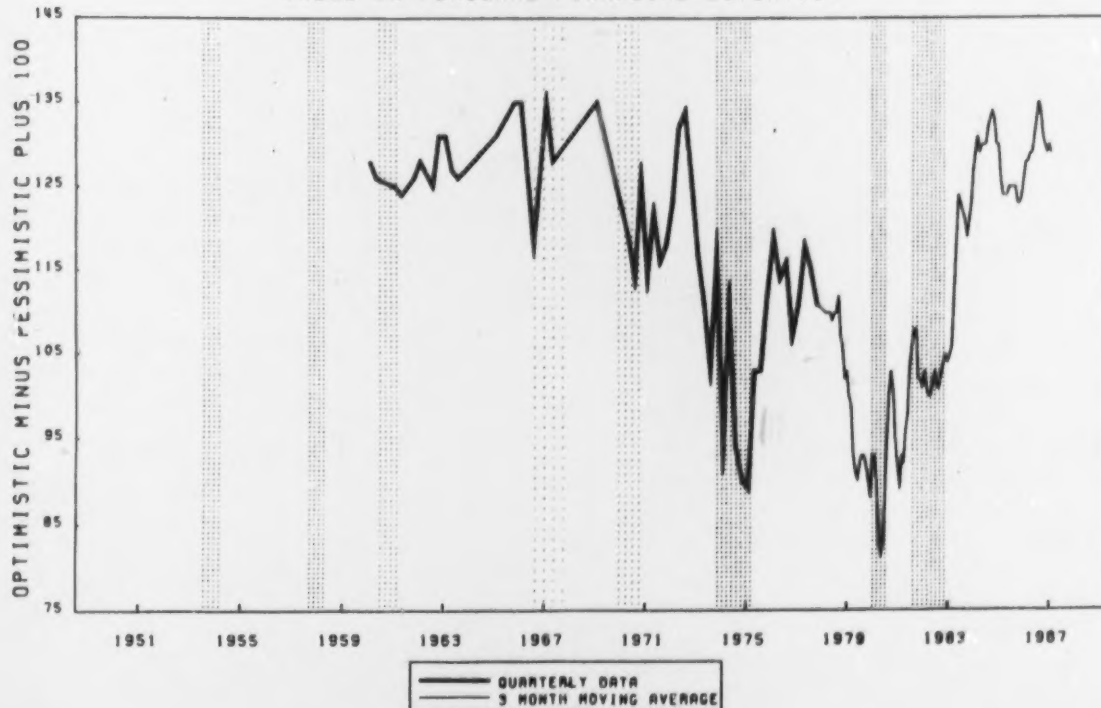


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	20%	22%	23%	22%	22%	23%	21%	21%	22%	18%	18%	22%	22%
Intermittant increase (b)	29	27	28	26	29	29	32	29	27	29	29	28	27
Remain unchanged (c)	16	18	16	19	18	19	15	16	19	22	19	17	15
Intermittant decline (d)	16	14	16	15	14	12	13	15	16	13	14	14	17
Continuous decline (e)	6	7	4	4	4	3	6	5	3	5	4	3	6
Mixed change (f)	11	9	10	11	11	11	11	10	11	10	13	12	11
DK,NA	2	3	3	3	2	3	2	4	2	3	3	4	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
 (b) Better/Same or Same/Better
 (c) Same/Same
 (d) Worse/Same or Same/Worse
 (e) Worse/Worse
 (f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES
 MEDIAN EXPECTED CHANGE IN FAMILY INCOME

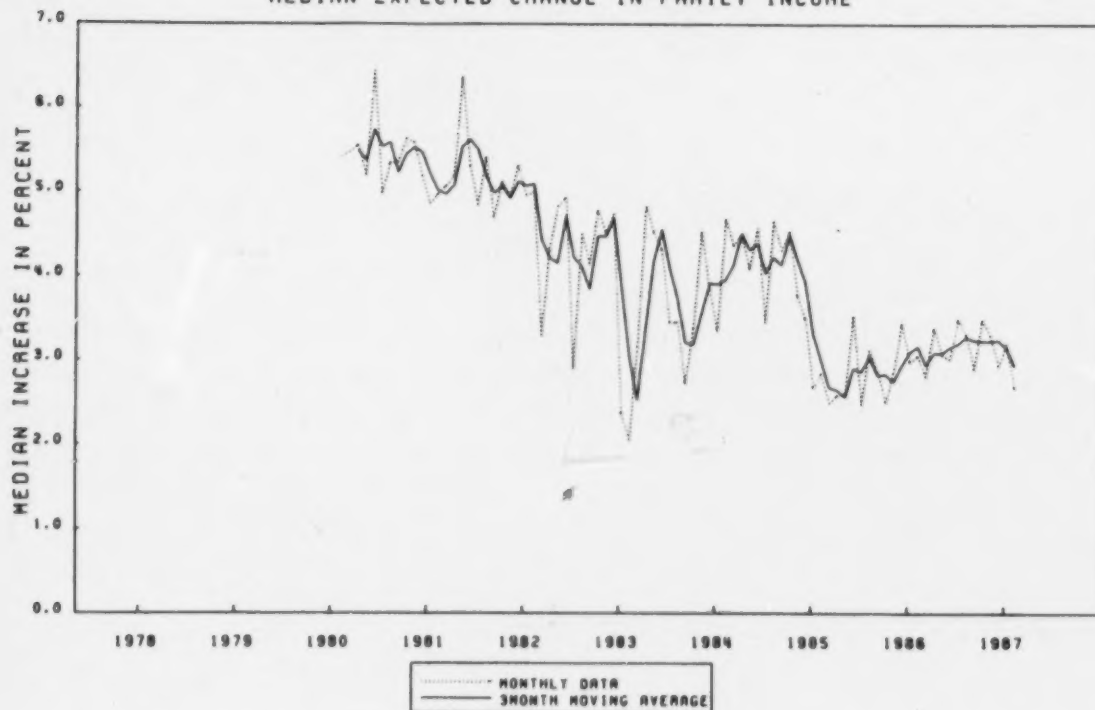


CHART 8 - HISTORICAL SERIES
 MEDIAN EXPECTED CHANGE IN FAMILY INCOME

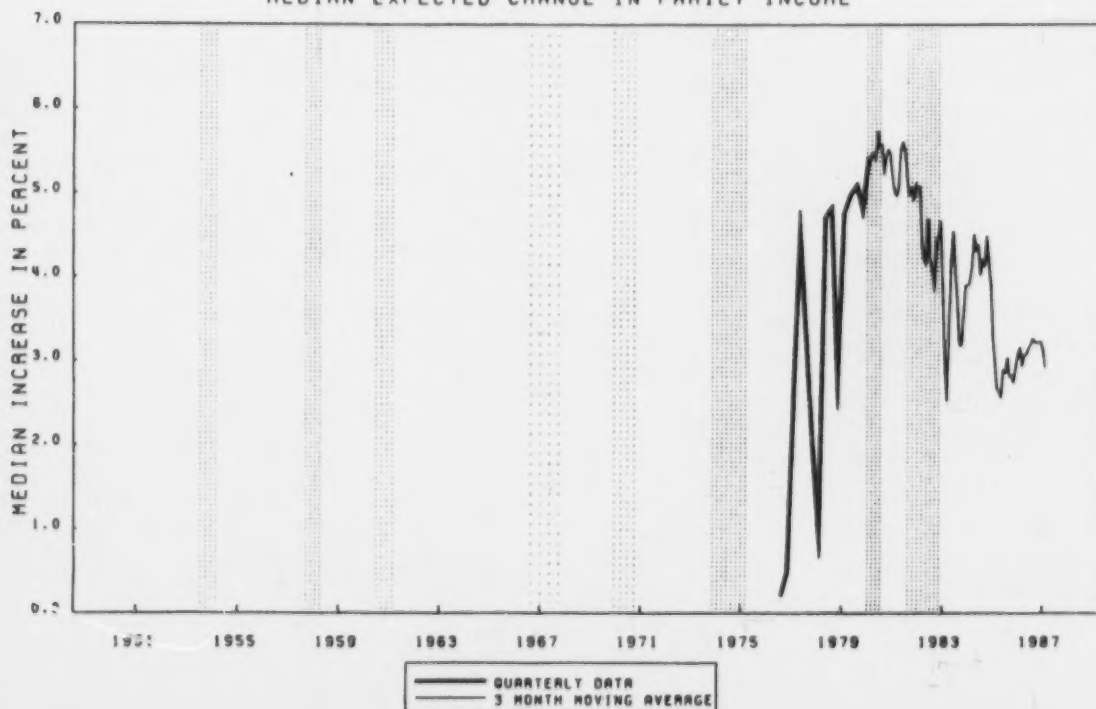


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
EXPECT INCREASE:													
1-4%	17%	16%	13%	16%	15%	15%	16%	16%	14%	17%	18%	16%	15%
5%	10	10	9	9	11	12	11	15	12	13	12	11	12
6-9%	8	6	8	10	8	8	7	7	6	9	8	8	5
10-24%	16	14	19	15	15	17	14	15	19	15	14	17	15
25% or more	6	7	7	6	7	8	9	4	7	6	6	6	6
DK how much up	3	4	3	3	3	4	5	3	3	4	4	4	6
EXPECT SAME	27	27	25	25	25	22	24	26	26	23	26	25	27
EXPECT DOWN	12	15	15	14	14	14	13	13	12	12	12	12	14
DK,NA	1	1	1	2	2	*	1	1	1	1	*	1	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

* : Less than half of one percent.

CHART 9 - RECENT CHANGES
INCOME OR PRICES UP MORE NEXT YEAR

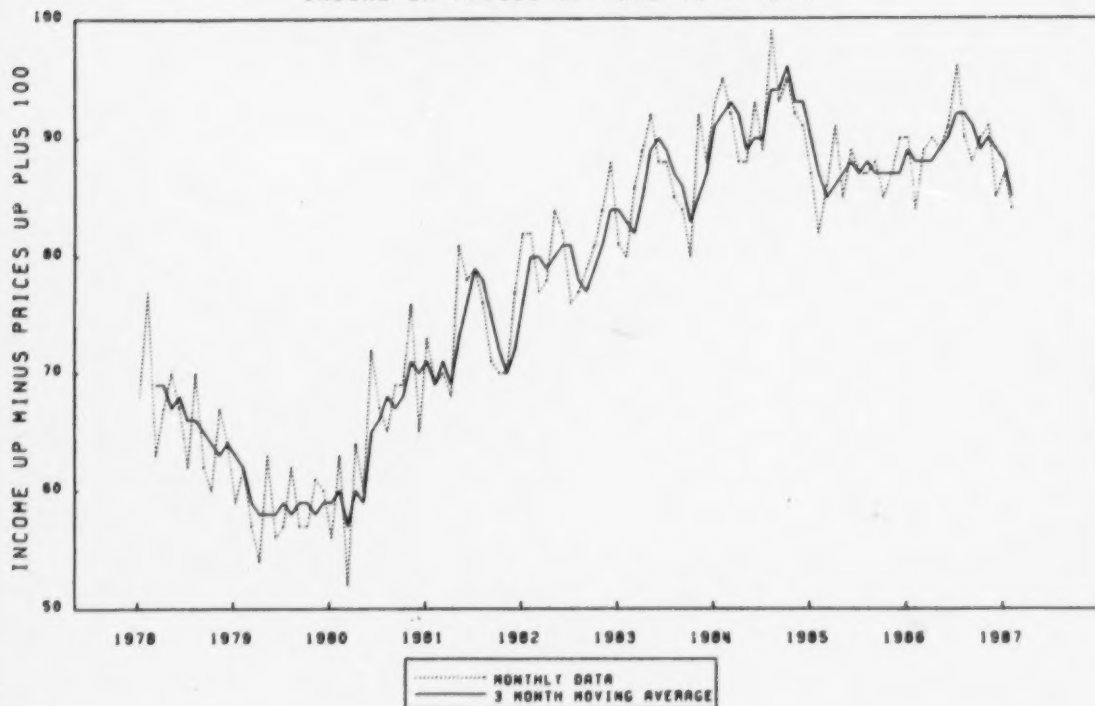


CHART 9 - HISTORICAL SERIES
INCOME OR PRICES UP MORE NEXT YEAR

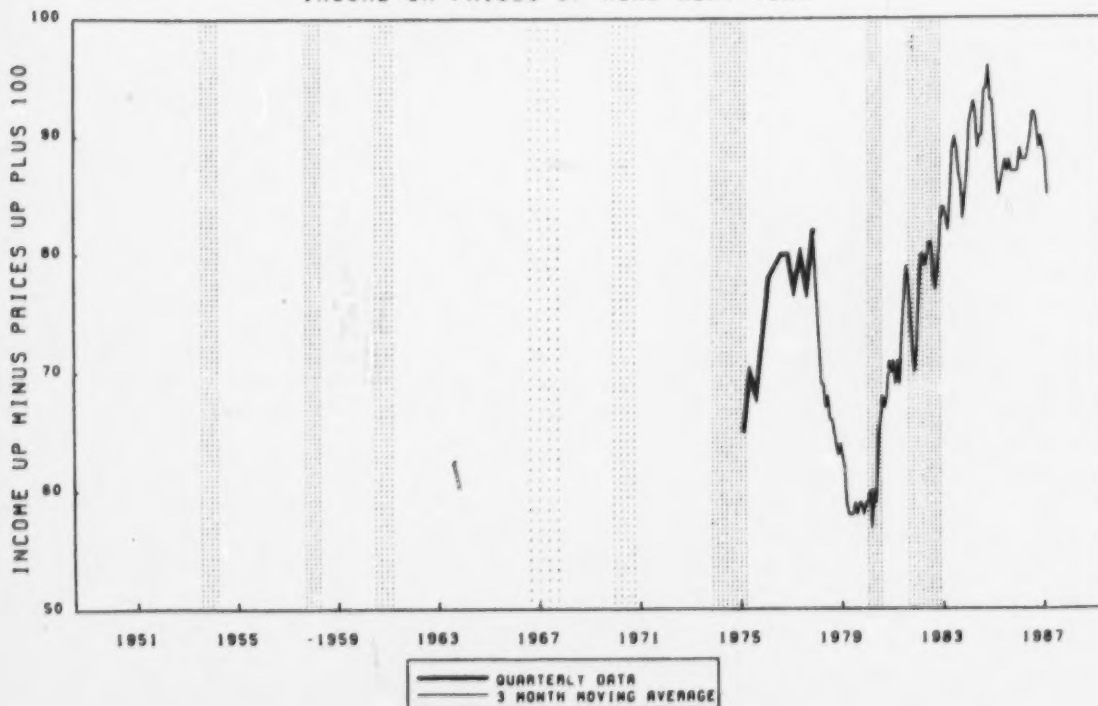


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
INCOME UP MORE	19%	21%	21%	21%	23%	24%	22%	20%	22%	21%	19%	22%	20%
INCOME UP SAME	43	44	45	44	43	47	44	47	45	47	45	41	42
PRICES UP MORE	35	32	31	32	32	28	32	32	32	30	34	35	36
DK,NA	3	3	3	3	2	1	2	1	1	2	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

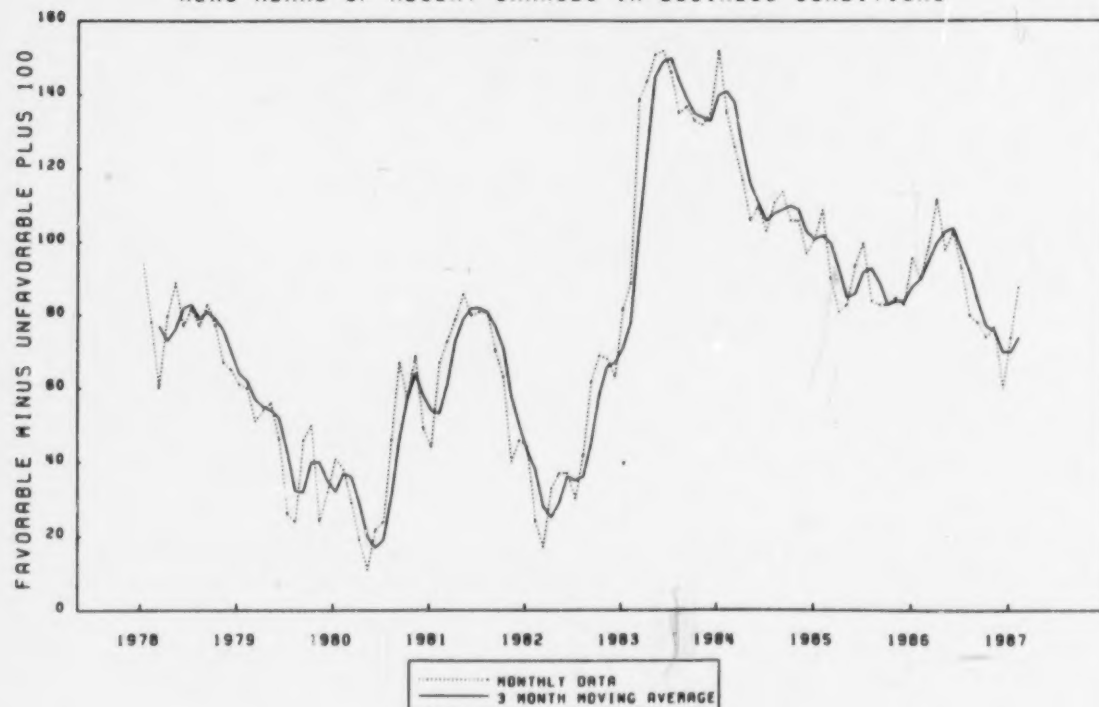


CHART 10 - HISTORICAL SERIES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

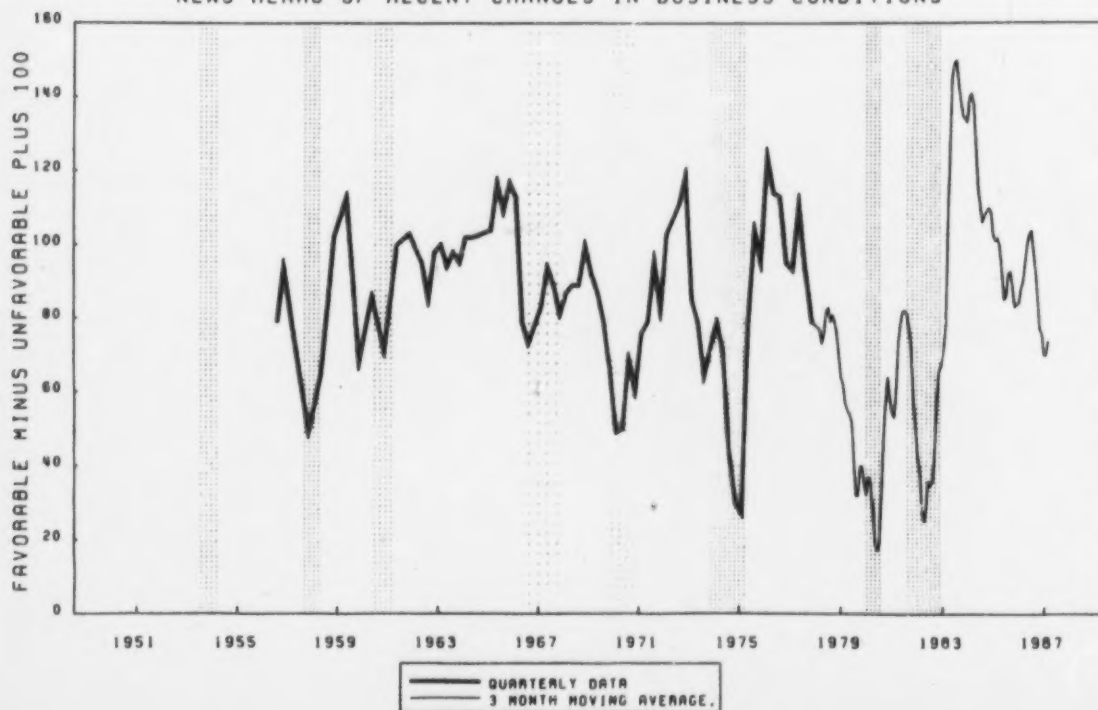


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
FAVORABLE NEWS	34%	46%	55%	42%	42%	37%	33%	29%	26%	30%	22%	26%	36%
UNFAVORABLE NEWS	44	47	43	44	39	44	53	51	52	53	62	52	48
NO MENTIONS	46	43	38	44	46	45	44	49	48	47	44	44	45

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

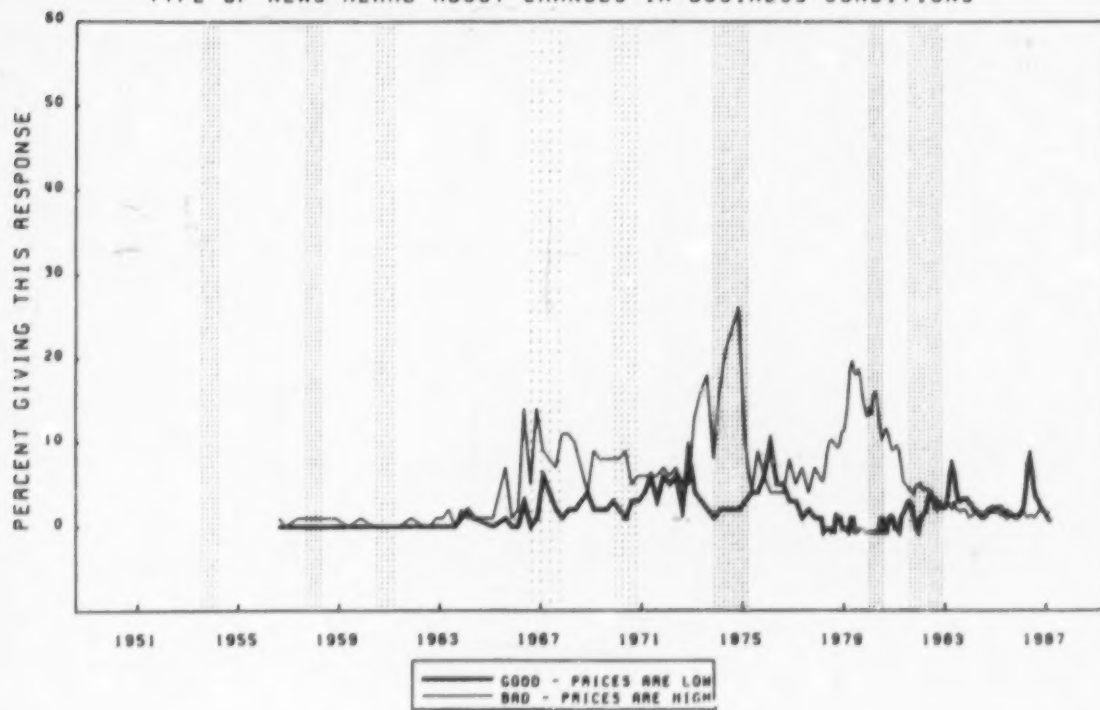


CHART 11B - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

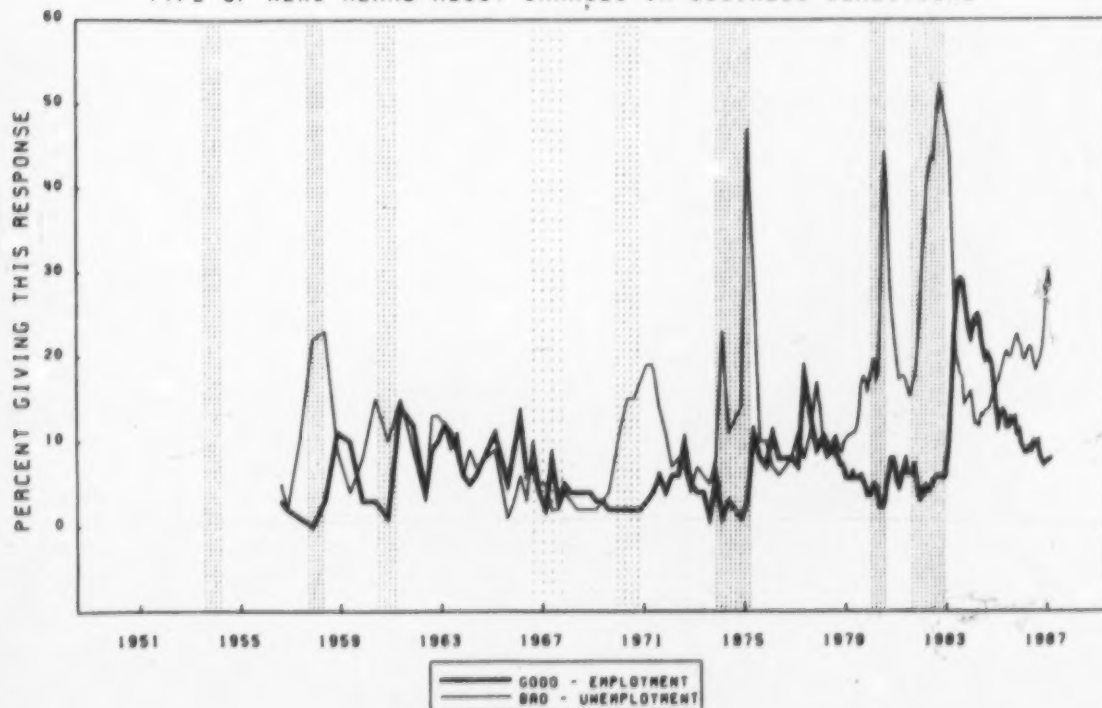


TABLE 11

SELECTED ITEMS OF
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
FAVORABLE NEWS:													
Government; elections	2%	*	1%	2%	3%	3%	2%	2%	1%	3%	1%	2%	2%
Employment	10	8	10	9	11	9	10	6	7	9	7	7	10
Higher consumer demand	1	3	3	2	2	1	3	2	3	2	2	3	3
Lower prices	3	8	11	6	3	4	3	2	2	2	1	*	1
Easier credit	8	15	17	11	9	11	7	11	8	5	5	5	6
UNFAVORABLE NEWS:													
Government; elections	3	3	3	3	4	5	5	6	8	6	8	9	5
Unemployment	21	23	20	20	18	19	21	19	23	29	33	29	23
Lower consumer demand	1	2	2	3	2	1	2	1	2	2	4	2	3
Higher prices	1	1	1	2	1	*	3	2	2	1	2	1	2
Tighter credit	*	*	1	1	2	1	1	1	*	1	1	1	1
Energy crisis	*	*	*	1	*	*	*	*	*	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

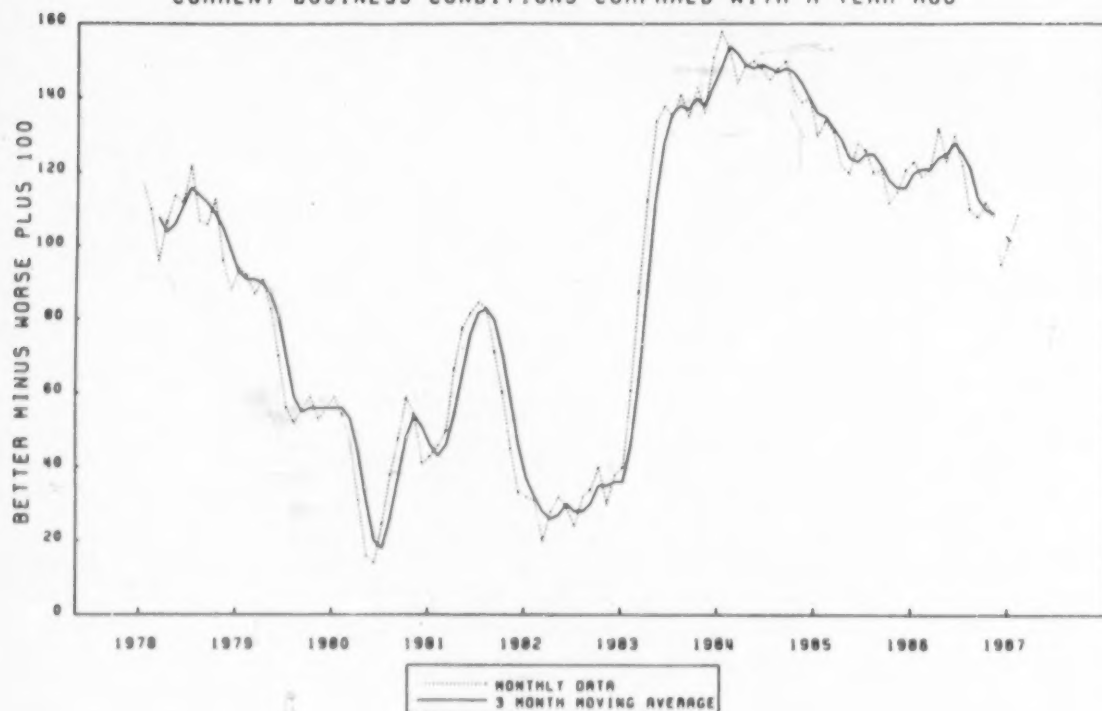


CHART 12 - HISTORICAL SERIES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

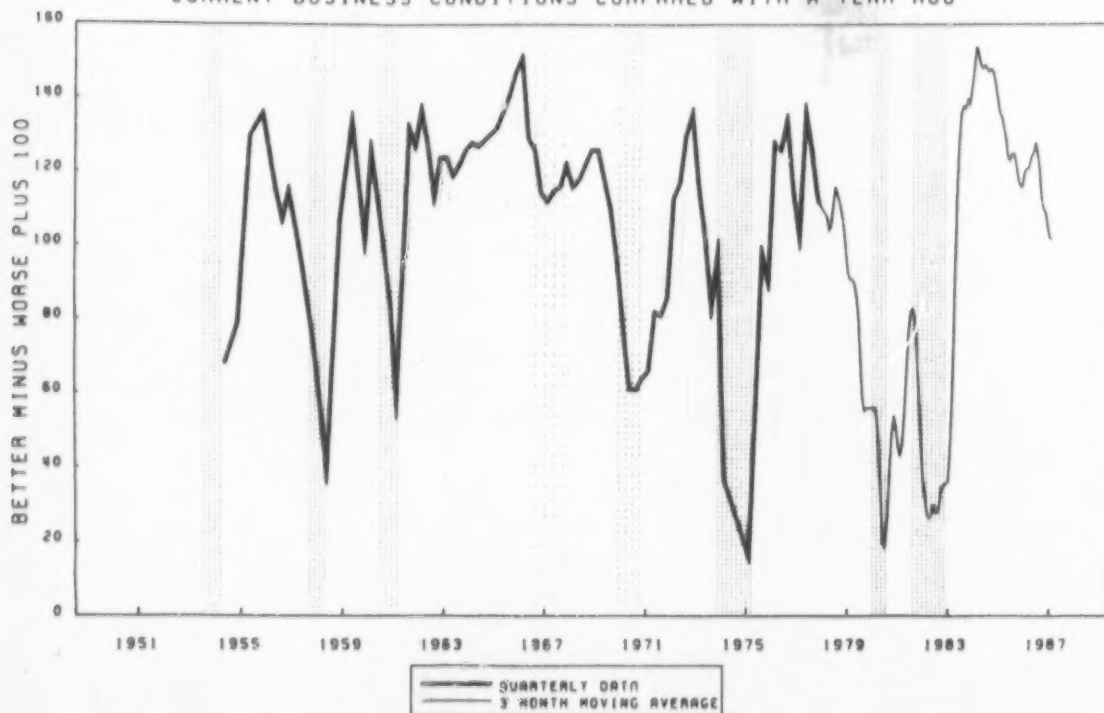


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
BETTER NOW	51%	53%	61%	54%	60%	53%	47%	47%	47%	45%	40%	43%	47%
SAME	15	13	9	13	8	14	14	13	15	16	13	14	14
WORSE NOW	32	32	29	31	30	31	37	39	35	37	45	41	38
DK,NA	2	2	1	2	2	2	2	1	3	2	2	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

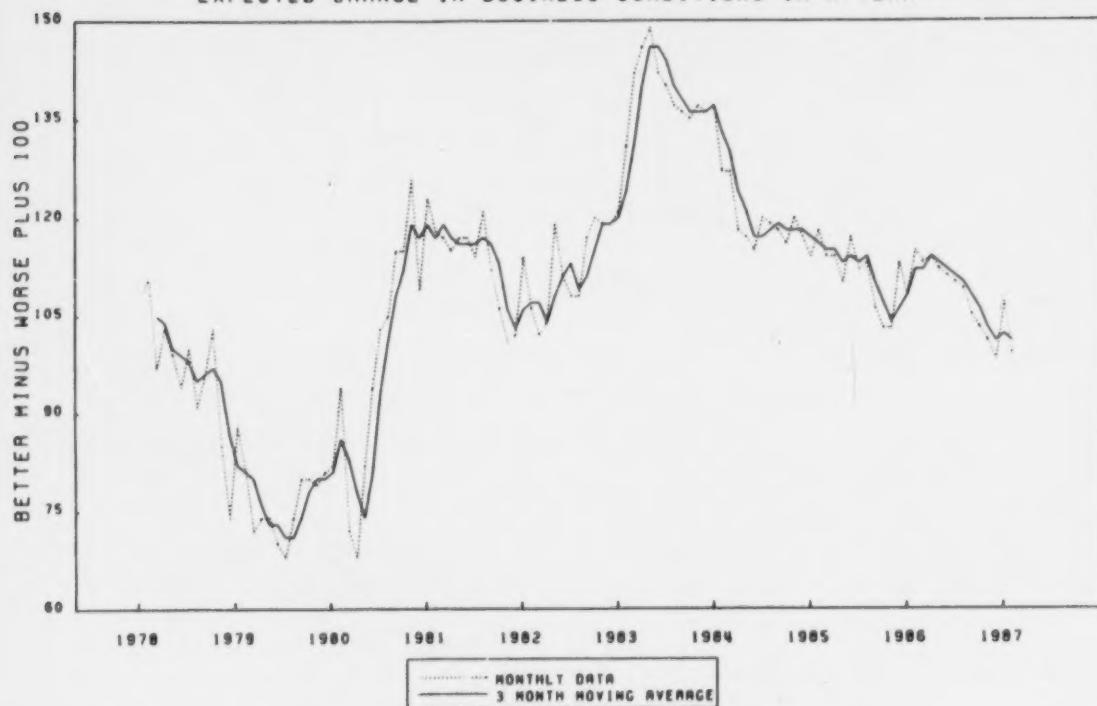


CHART 13 - HISTORICAL SERIES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

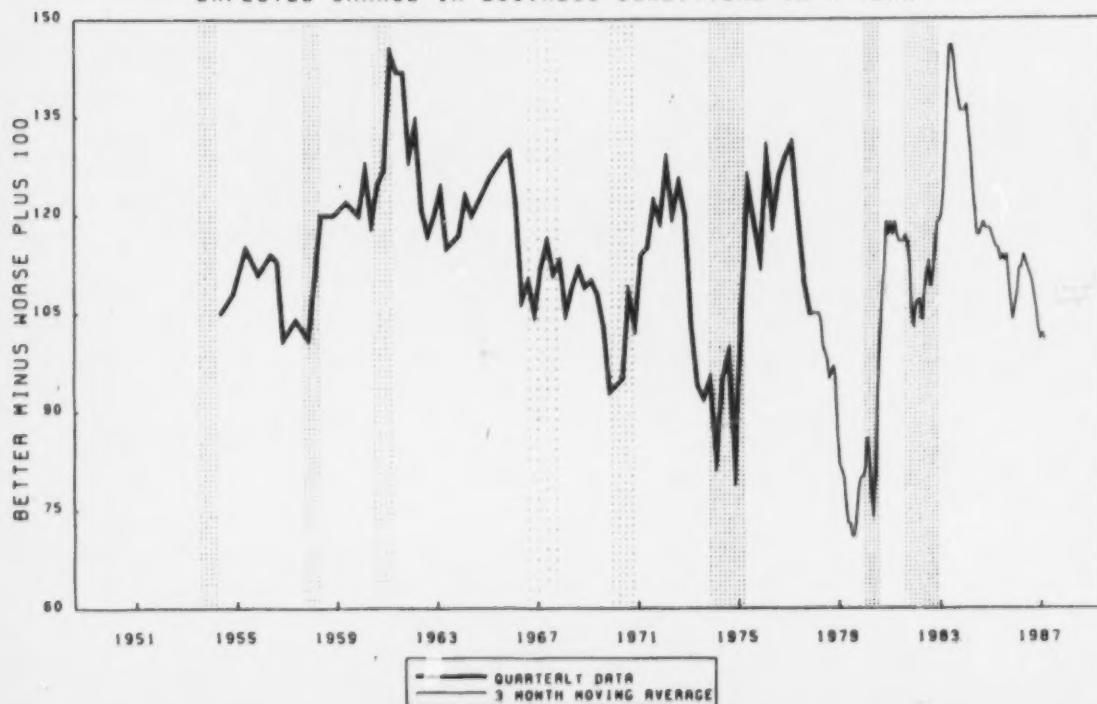


TABLE 13

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
BETTER	27%	29%	29%	26%	25%	24%	26%	23%	21%	20%	20%	24%	22%
SAME	59	53	55	57	60	60	56	55	59	59	56	58	54
WORSE	12	16	15	14	14	14	17	18	18	19	22	17	23
DK,NA	2	2	1	3	1	2	1	4	2	2	2	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

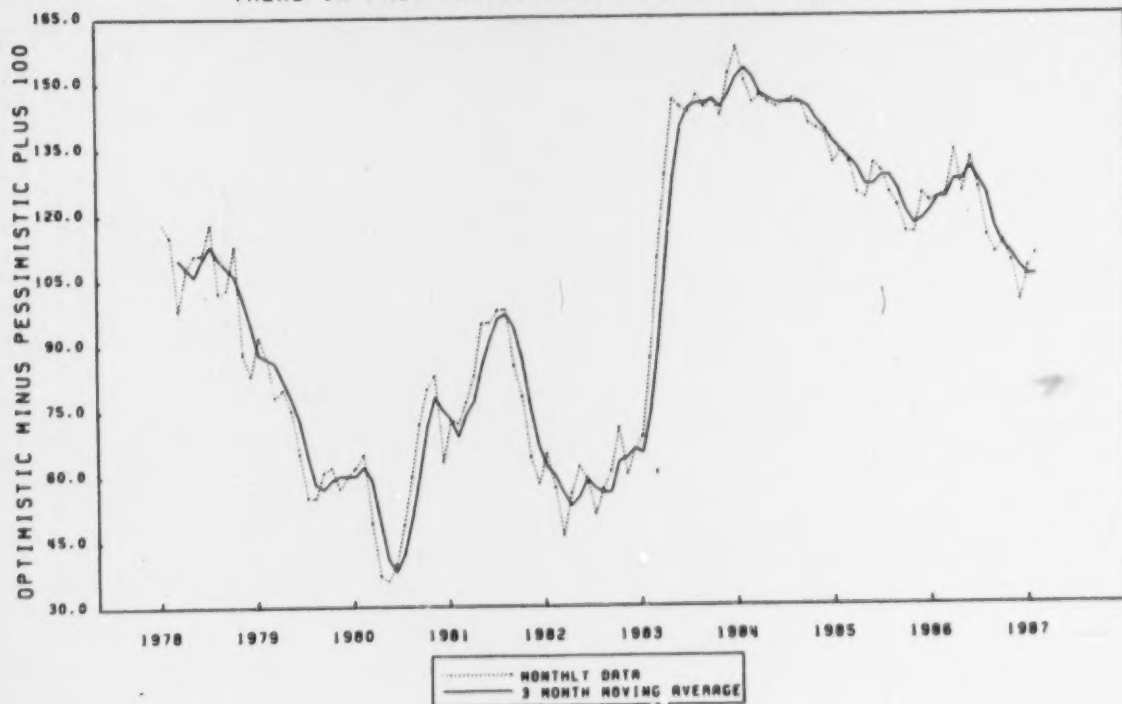


CHART 14 - HISTORICAL SERIES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

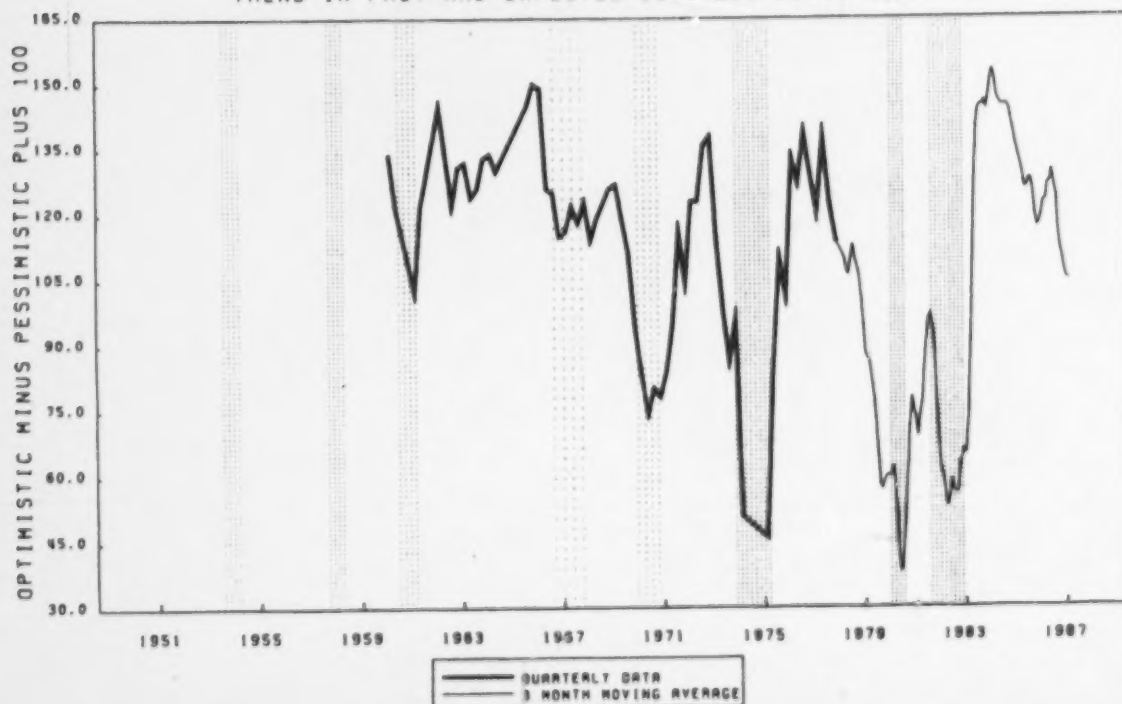


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
TREND:													
Continuous increase (a)	19%	20%	23%	19%	18%	16%	17%	15%	13%	12%	12%	15%	14%
Intermittant increase (b)	33	32	35	33	41	36	29	29	31	30	27	27	32
Remain unchanged (c)	10	7	7	8	5	10	10	8	10	10	10	10	7
Intermittant decline (d)	20	18	14	20	17	18	20	22	21	23	23	24	21
Continuous decline (e)	9	10	10	8	10	9	12	12	10	11	17	11	15
Mixed change (f)	6	10	8	9	7	8	9	10	11	11	7	10	9
DK,NA	3	3	3	3	2	3	3	4	4	3	4	3	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
 (b) Better/Same or Same/Better
 (c) Same/Same
 (d) Worse/Same or Same/Worse
 (e) Worse/Worse
 (f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS



CHART 15 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

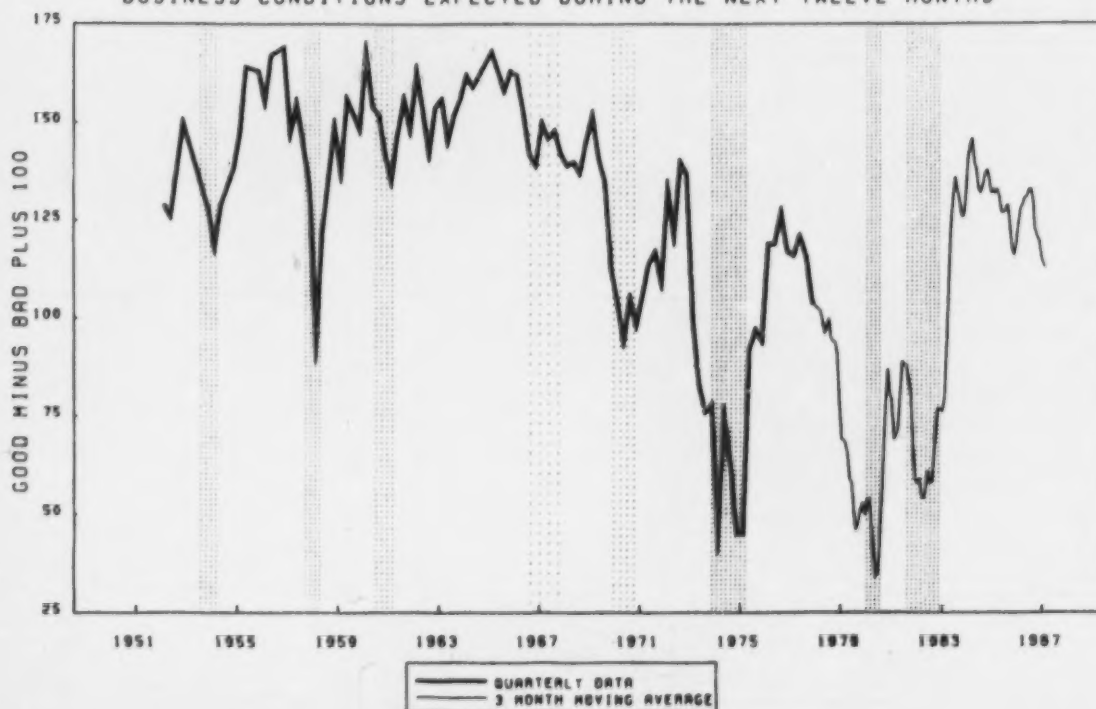


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
GOOD TIMES	61%	58%	61%	60%	62%	61%	55%	50%	55%	53%	45%	53%	53%
UNCERTAIN; GOOD & BAD	2	3	2	2	2	3	4	3	3	3	2	3	1
BAD TIMES	29	29	28	29	26	30	32	35	31	33	41	36	36
DON'T KNOW	4	7	6	5	6	4	5	8	4	5	5	4	5
NOT ASCERTAINED	4	3	3	4	4	2	4	4	7	6	7	4	5
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

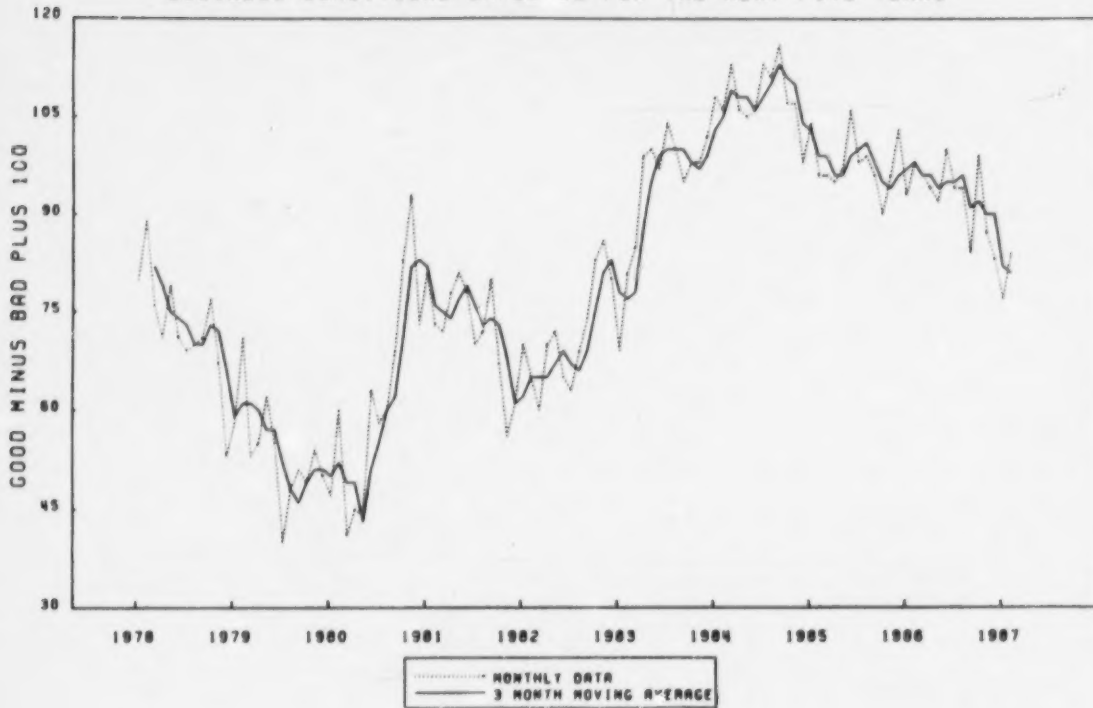


CHART 16 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

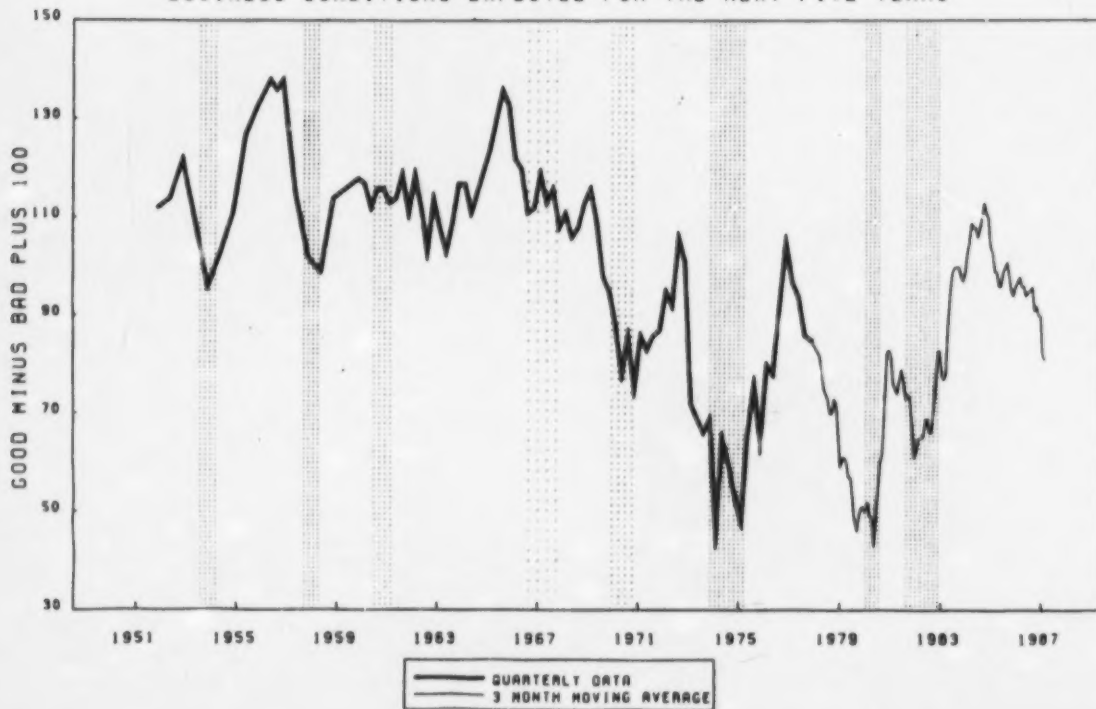


TABLE 16

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
GOOD TIMES	42%	39%	36%	37%	40%	38%	39%	33%	41%	35%	33%	30%	34%
UNCERTAIN; GOOD & BAD	11	13	18	14	14	13	10	11	13	14	13	13	12
BAD TIMES	44	43	42	45	40	44	45	49	42	48	50	53	50
NOT ASCERTAINED	3	5	4	4	6	5	6	7	4	3	4	4	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

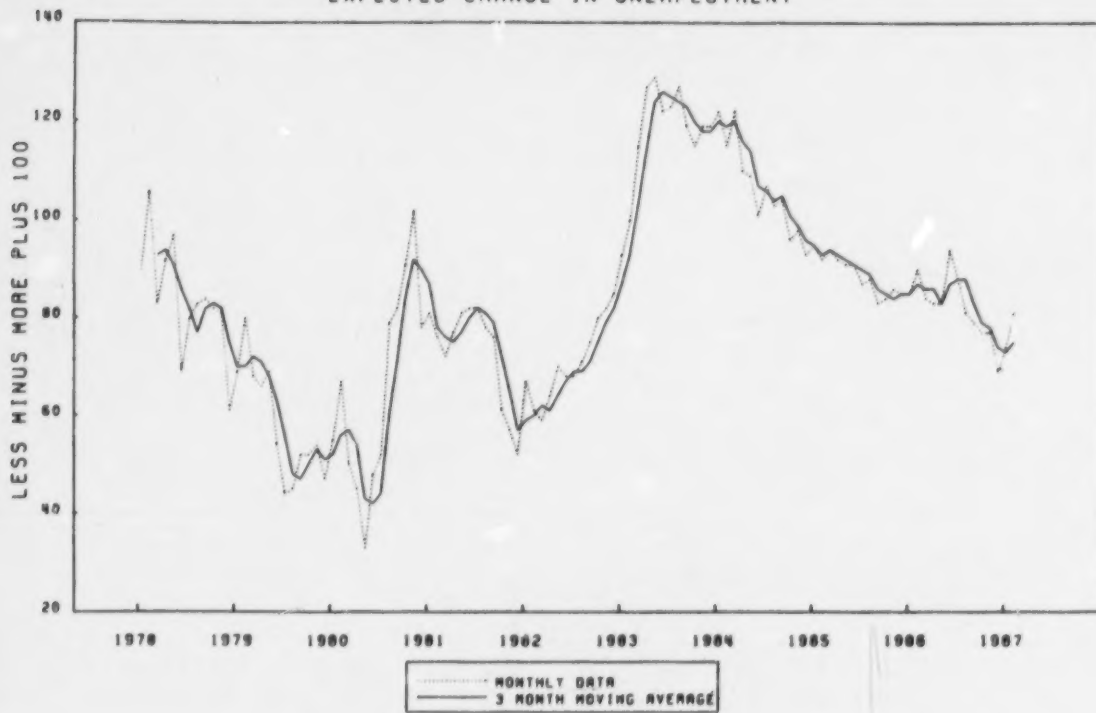


CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

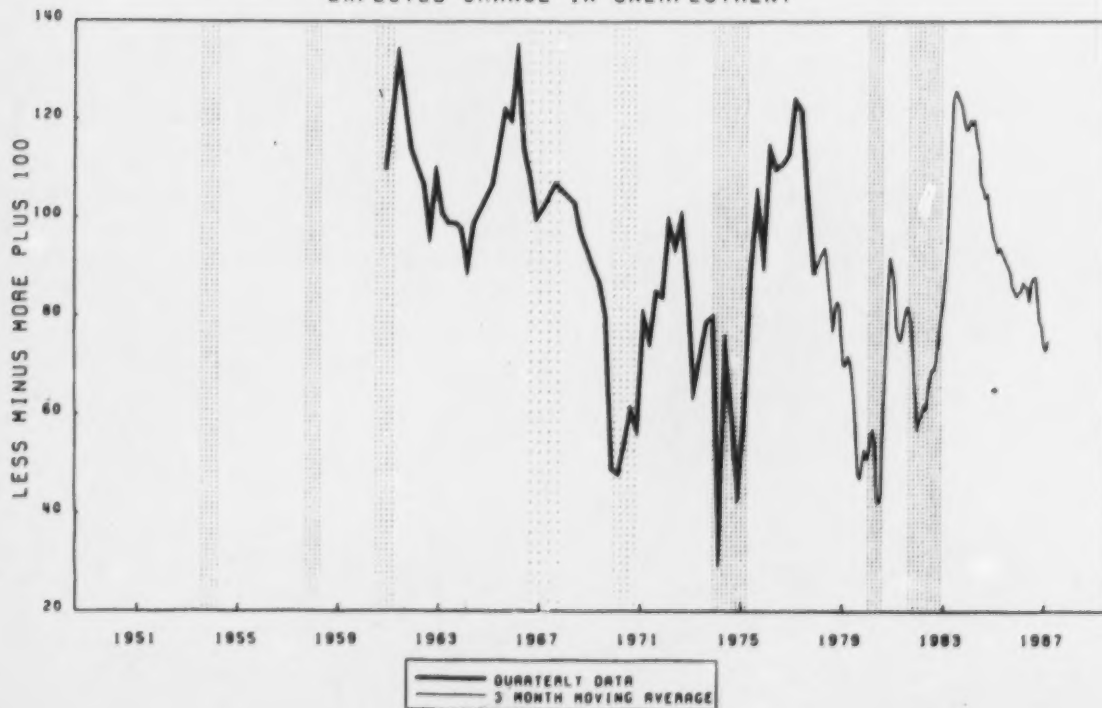


TABLE 17
EXPECTED CHANGE IN UNEMPLOYMENT

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
LESS	19%	17%	15%	14%	20%	15%	13%	11%	10%	11%	11%	12%	14%
SAME	51	48	51	54	53	56	54	54	55	54	46	49	52
MORE	29	33	32	31	26	27	32	32	33	34	42	38	33
DK,NA	1	2	2	1	1	2	1	3	2	1	1	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

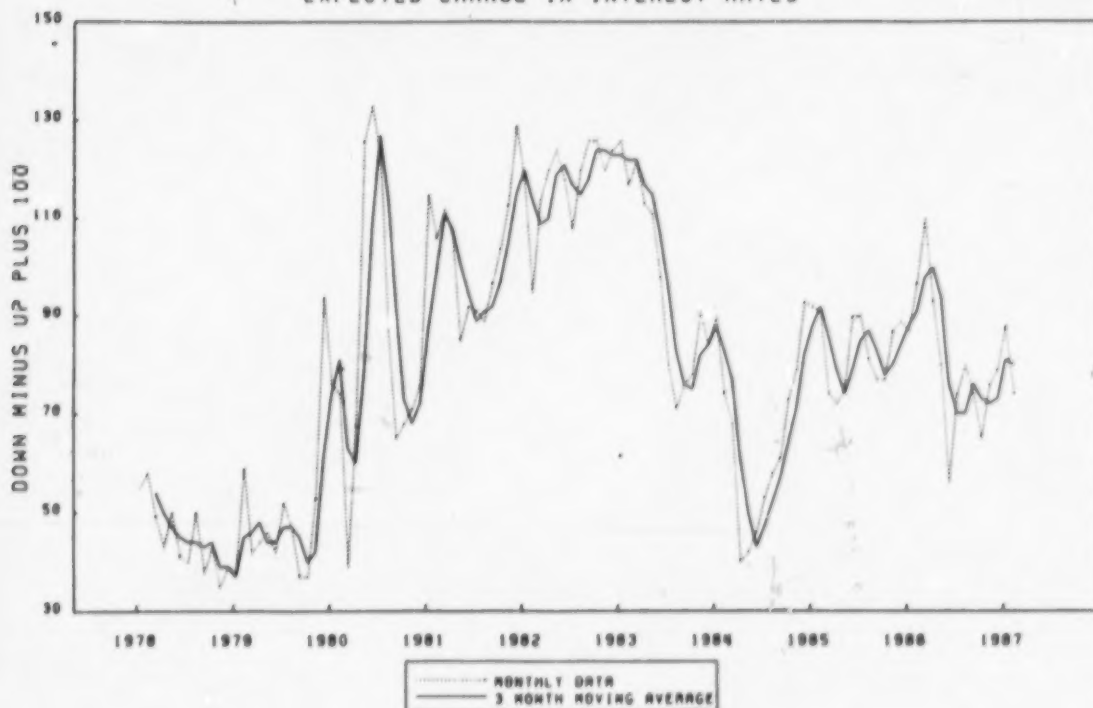


CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

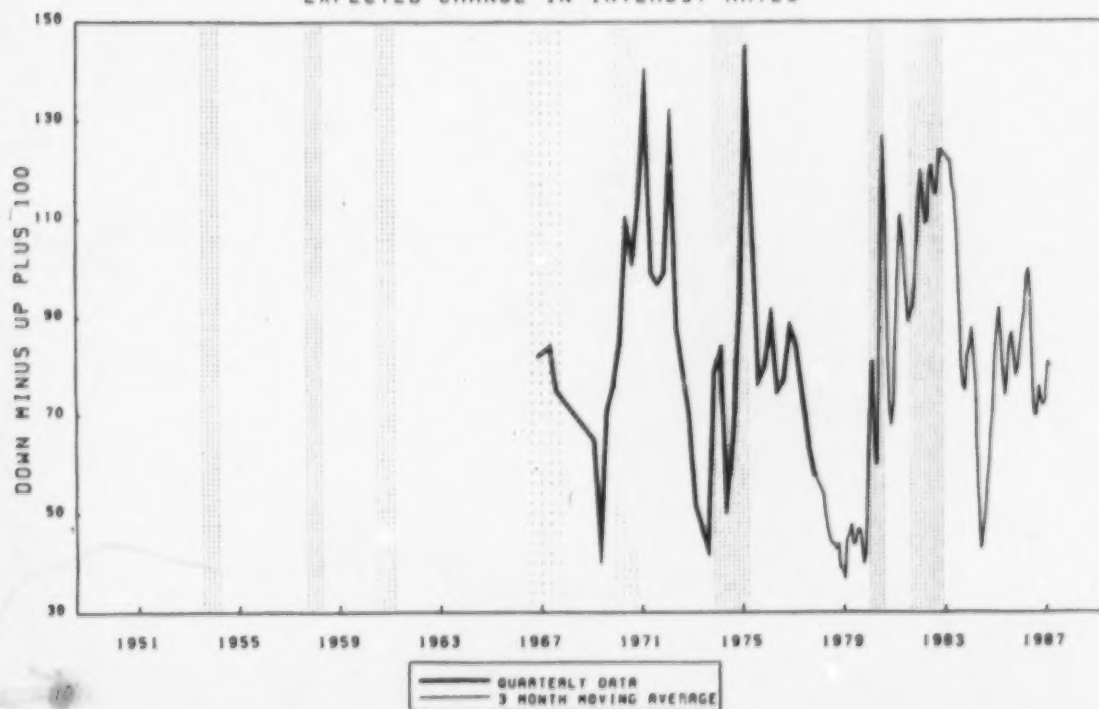


TABLE 18
EXPECTED CHANGE IN INTEREST RATES

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
GO UP	30%	26%	35%	41%	54%	45%	42%	49%	50%	43%	41%	37%	43%
STAY THE SAME	40	35	34	35	34	35	34	26	33	37	37	35	38
GO DOWN	27	36	28	21	10	19	22	23	15	19	20	25	17
DK,NA	3	3	3	3	2	1	2	2	2	1	2	3	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS



CHART 19 - HISTORICAL SERIES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

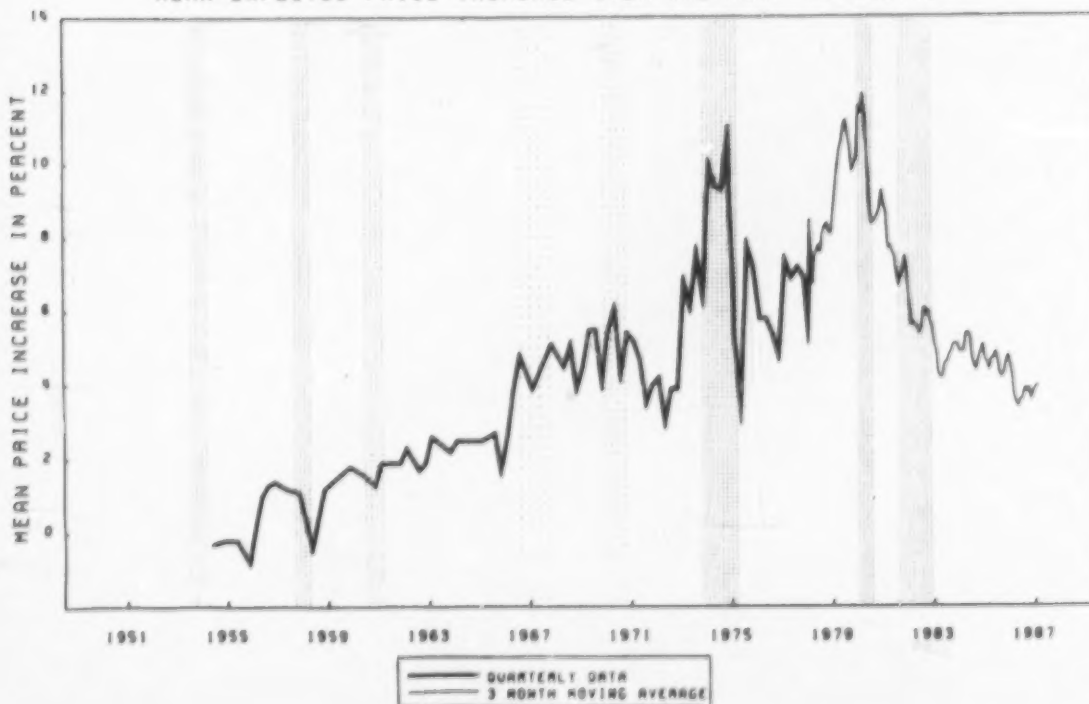


TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
SAME OR DOWN	28%	36%	35%	31%	22%	29%	21%	23%	22%	22%	20%	20%	21%
WILL GO UP BY:													
1-2%	16	13	15	13	20	13	18	18	17	19	18	18	17
3-4%	19	16	18	22	20	23	24	23	19	25	23	24	21
5%	17	15	11	14	16	16	14	16	21	15	17	14	18
6-9%	6	4	5	5	6	5	7	5	5	6	7	6	5
10-14%	5	6	7	6	6	5	8	5	8	7	6	7	9
15% or more	3	3	4	3	4	4	4	3	2	2	4	4	4
DK how much up	4	6	4	4	5	4	4	6	5	3	4	6	5
DK,NA	2	1	1	2	1	1	*	1	1	1	1	1	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	3.7	3.2	3.6	3.4	3.8	3.7	4.3	3.5	3.8	3.6	4.1	3.9	4.1
VARIANCE	38	39	42	27	23	32	38	18	17	28	32	25	26
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 20 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

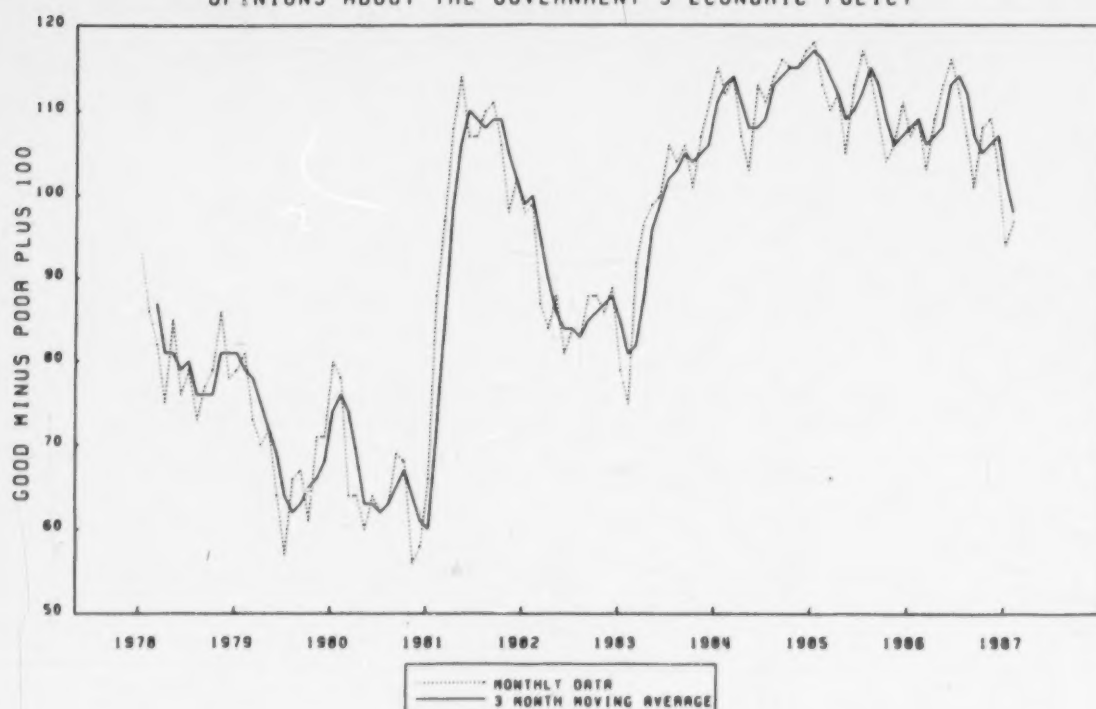


CHART 20 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

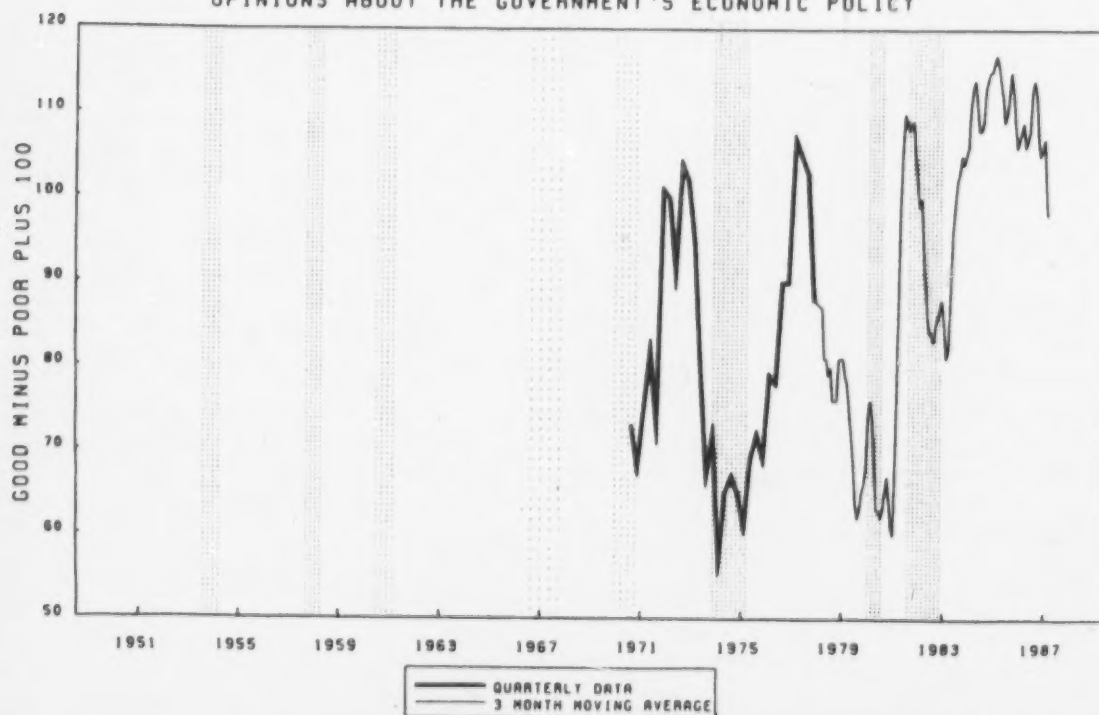


TABLE 20

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
A GOOD JOB	29%	25%	29%	30%	33%	29%	28%	22%	27%	28%	26%	20%	23%
ONLY FAIR	48	51	50	49	49	52	50	54	52	51	49	52	49
A POOR JOB	20	22	20	17	17	17	21	21	19	19	23	26	26
DK,NA	3	2	1	4	1	2	1	3	2	2	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

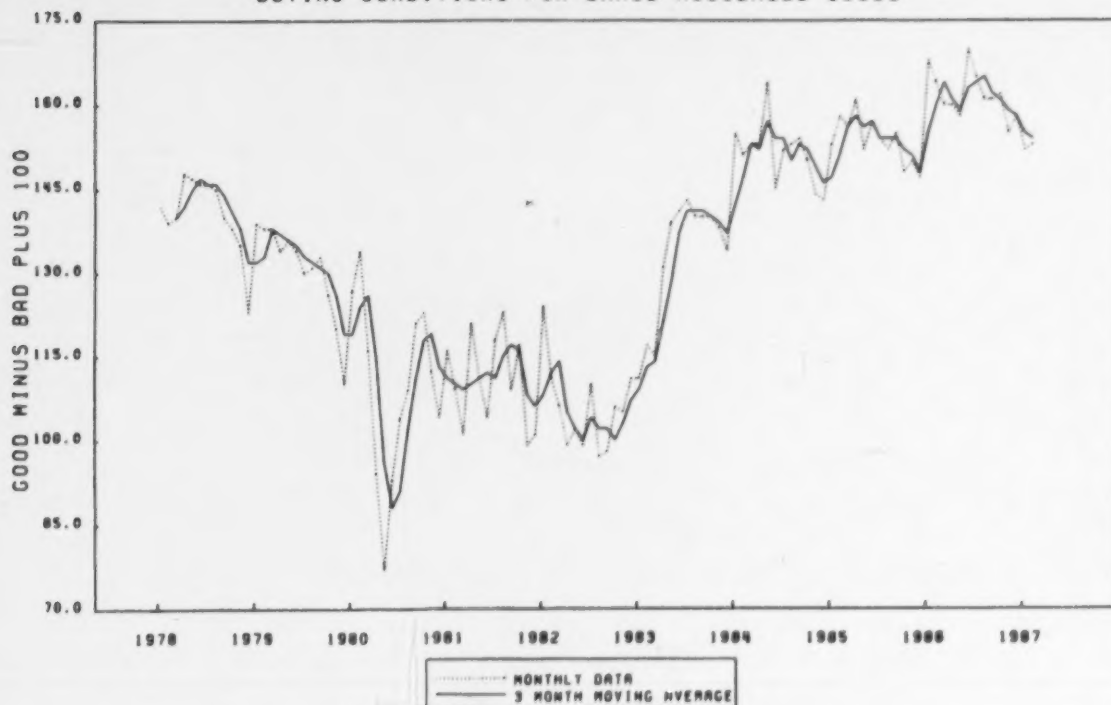


CHART 21 - HISTORICAL SERIES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

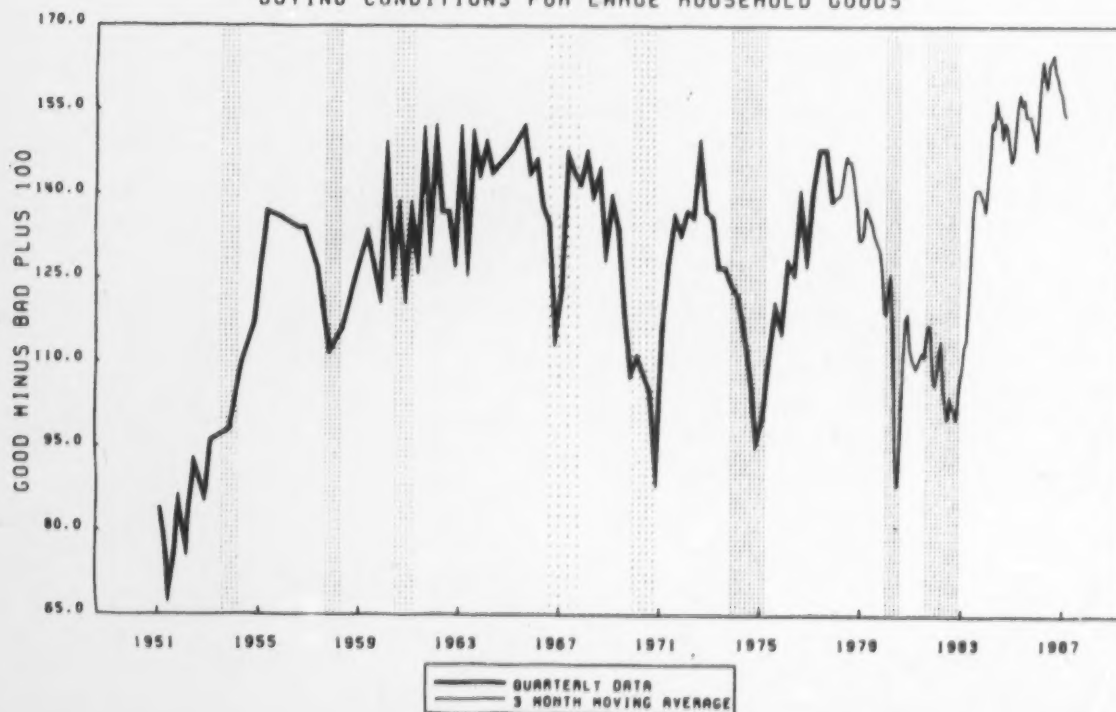


TABLE 21

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
GOOD TIME TO BUY	78%	75%	75%	75%	81%	79%	77%	76%	76%	72%	75%	72%	73%
UNCERTAIN, DEPENDS	8	10	10	8	8	7	7	9	10	11	8	8	7
BAD TIME TO BUY	14	15	15	17	11	14	16	15	14	17	17	20	20
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

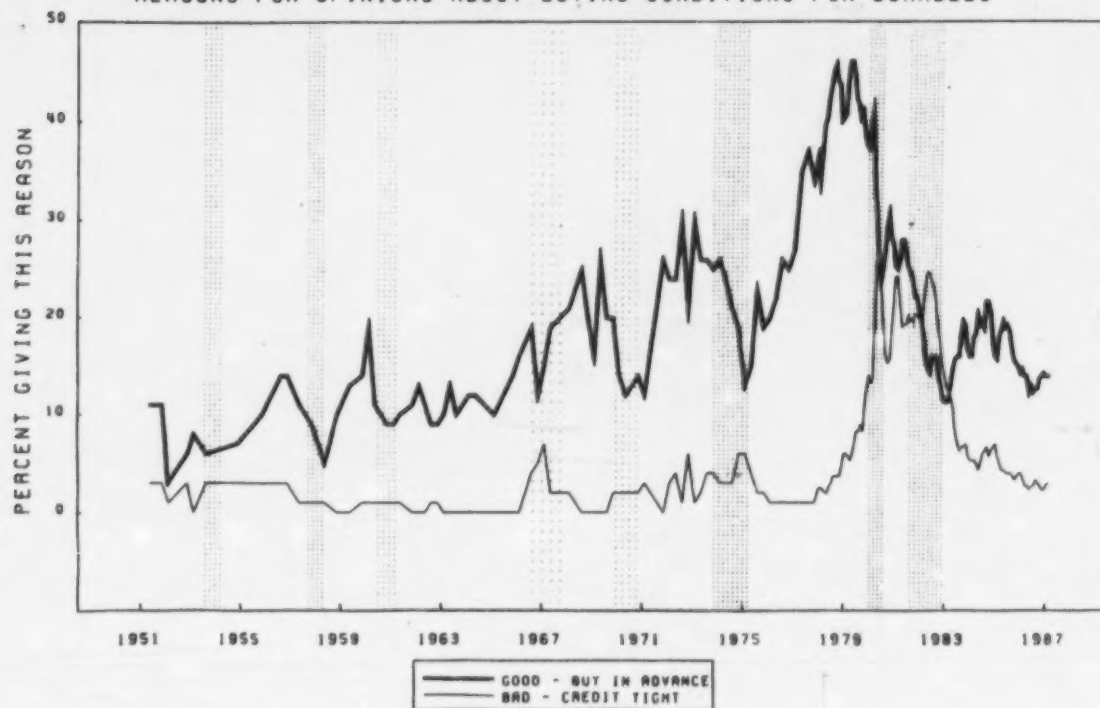


CHART 22B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

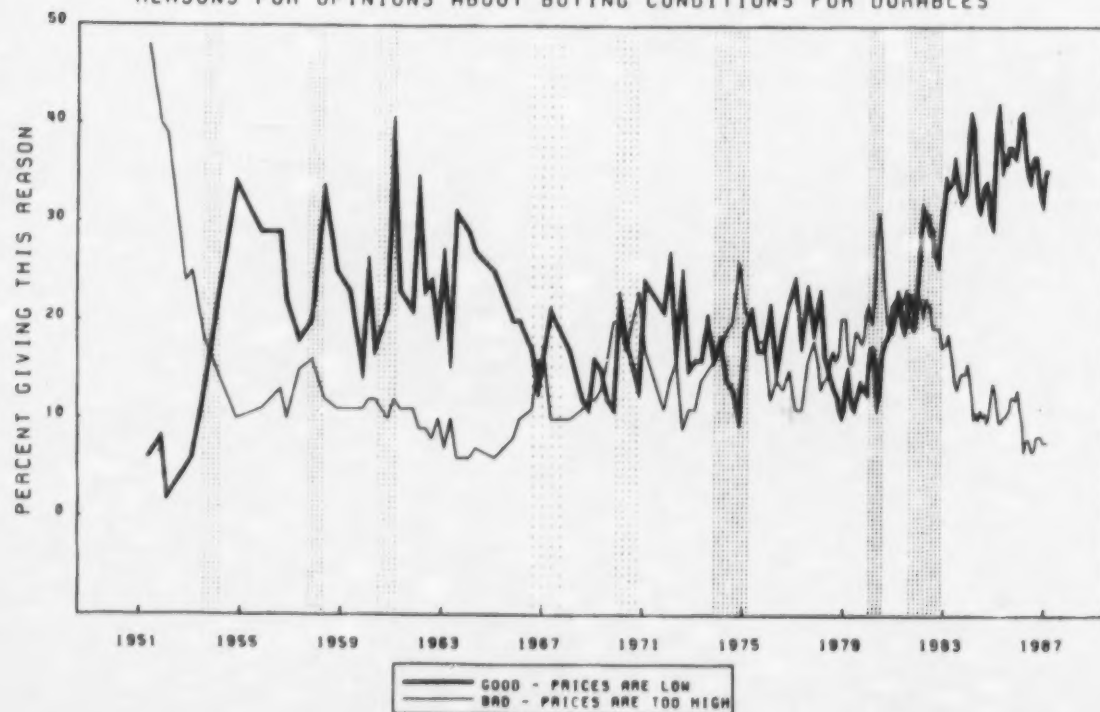


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	38%	37%	35%	33%	35%	40%	35%	35%	33%	30%	33%	40%	33%
Prices won't come down; are going higher	17	12	13	12	14	11	13	14	14	14	15	13	14
Interest rates low; credit is easy	20	21	29	31	31	26	26	29	26	25	18	20	21
BAD TIME TO BUY:													
Prices are high	7	8	9	7	6	7	8	10	7	8	8	7	8
Interest rates are high; credit is tight	3	2	3	2	3	3	4	2	2	3	2	3	4
Lack of purchasing power	6	8	7	9	5	6	7	8	7	8	6	8	7

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

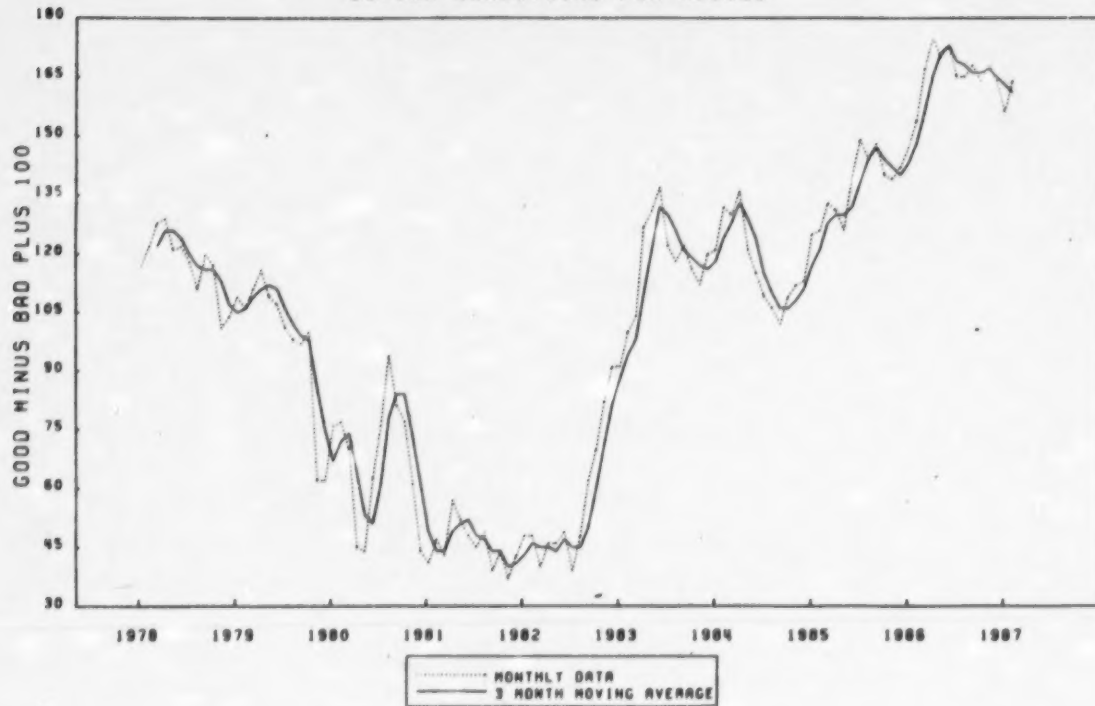


CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

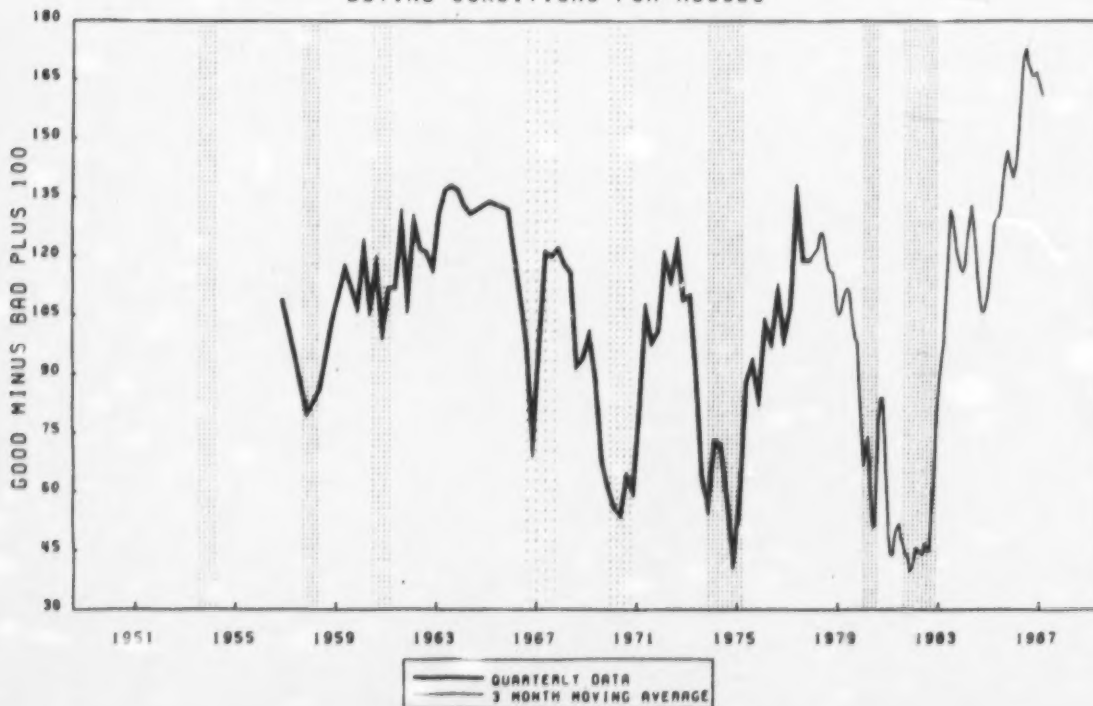


TABLE 23

BUYING CONDITIONS FOR HOUSES

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
GOOD TIME TO BUY	76%	82%	86%	83%	86%	82%	81%	83%	81%	83%	80%	76%	81%
UNCERTAIN, DEPENDS	2	3	3	4	1	1	3	2	2	2	4	4	2
BAD TIME TO BUY	22	15	11	13	13	17	16	15	17	15	16	20	17
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

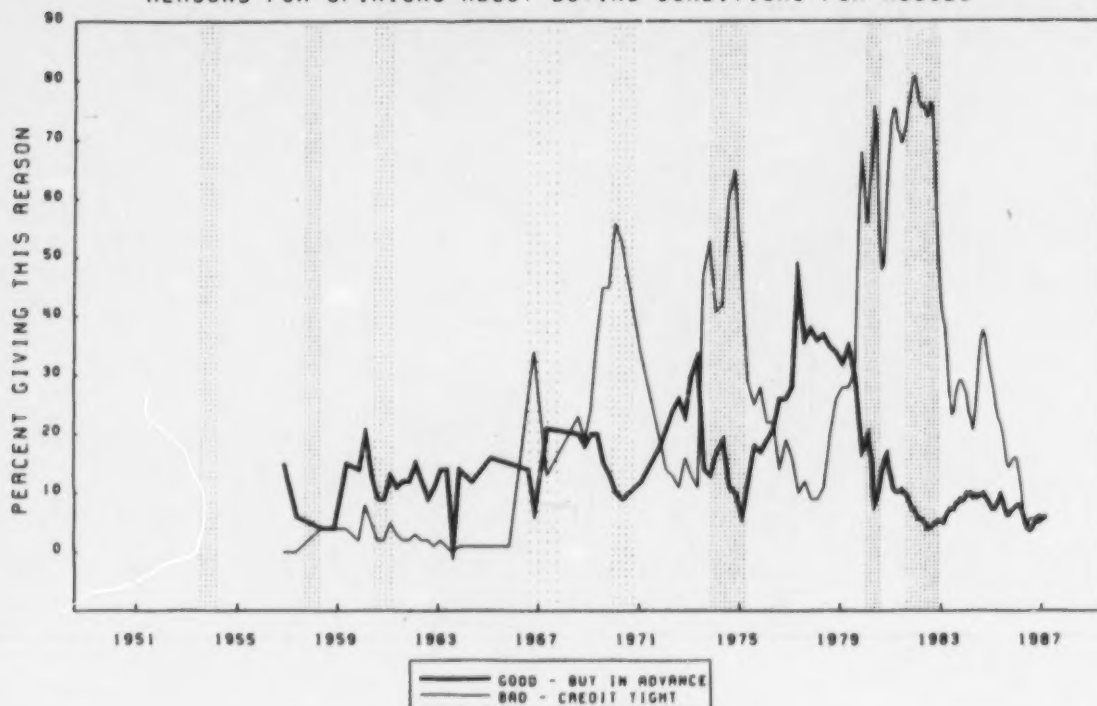


CHART 24B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

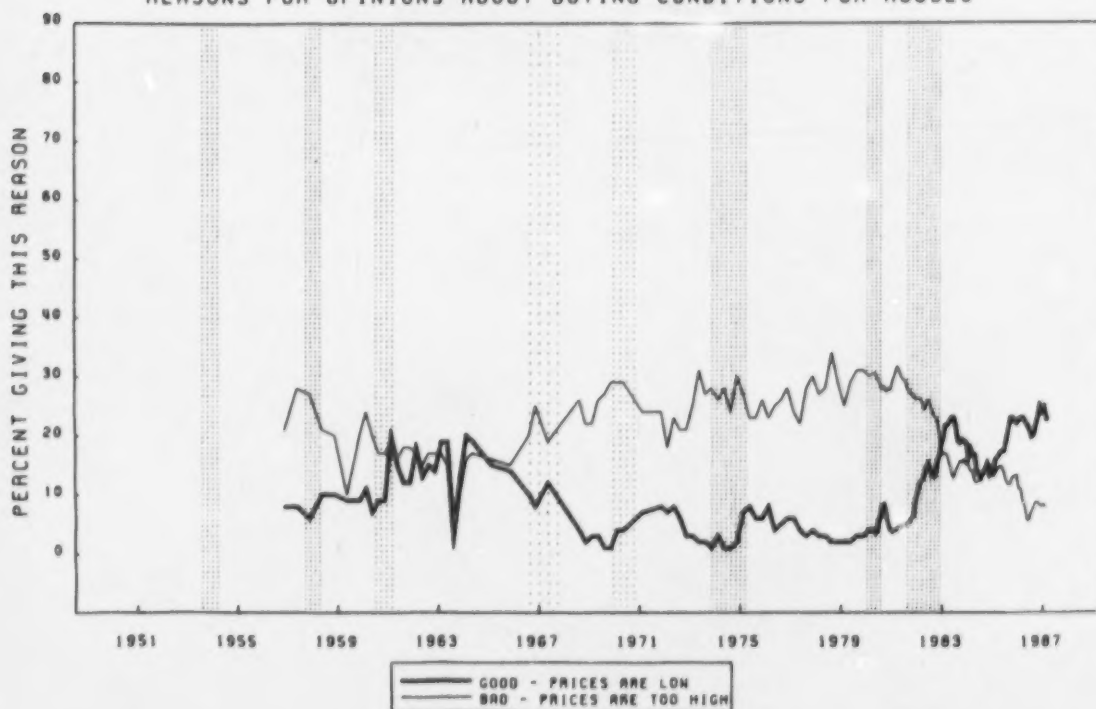


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	22%	23%	22%	20%	21%	18%	21%	26%	22%	27%	23%	24%	21%
Prices won't come down; are going higher	8	6	5	3	4	4	4	6	6	6	6	5	7
Interest rates low; credit is easy	64	76	83	80	83	77	78	79	75	75	73	69	74
Good investment	4	5	3	3	3	5	3	5	6	5	6	6	3
BAD TIME TO BUY:													
Prices are high	12	6	5	6	6	9	8	9	9	7	8	10	6
Interest rates are high; credit is tight	11	5	4	5	5	7	5	5	5	5	5	7	6
Lack of purchasing power	8	8	6	6	6	7	8	6	8	8	7	9	8

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

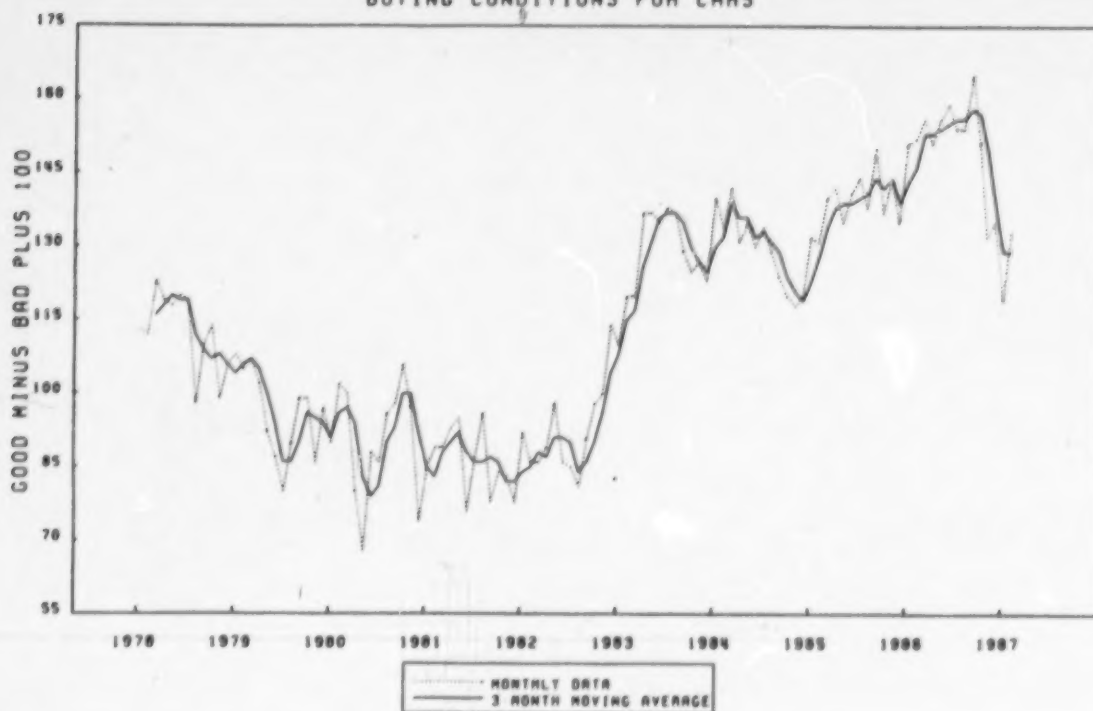


CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

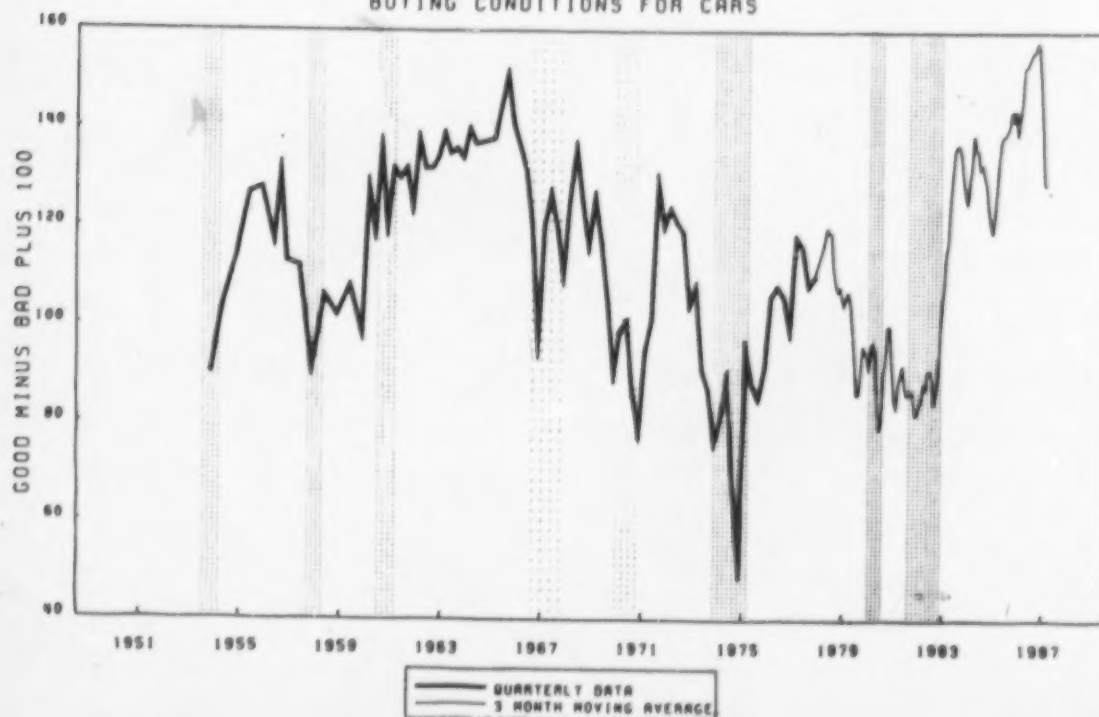


TABLE 25
BUYING CONDITIONS FOR CARS

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
GOOD TIME TO BUY	73%	74%	73%	75%	77%	74%	73%	81%	72%	63%	64%	55%	62%
UNCERTAIN; DEPENDS	6	8	5	6	5	6	8	3	7	6	7	9	9
BAD TIME TO BUY	21	18	22	19	18	20	19	16	21	31	29	36	29
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS



CHART 26B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

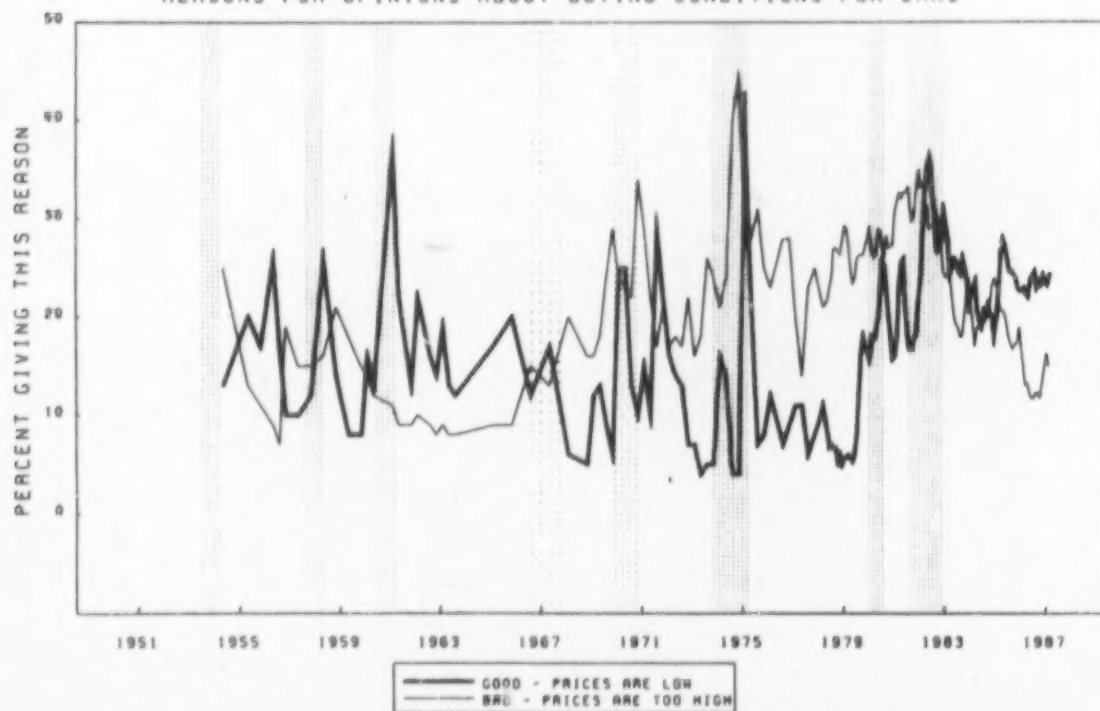


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	22%	22%	22%	28%	23%	23%	23%	25%	22%	26%	23%	21%	29%
Prices won't come down; are going higher	9	9	7	6	8	8	9	6	5	7	9	8	8
Interest rates low; credit is easy	53	54	54	58	62	53	52	73	58	43	45	34	38
New fuel efficient models	1	*	1	*	*	1	*	*	*	*	*	1	*
BAD TIME TO BUY:													
Prices are high	13	13	14	10	11	14	12	11	12	17	15	17	13
Interest rates are high; credit is tight	4	3	3	3	3	3	3	4	8	9	4	6	4
Lack of purchasing power	5	4	6	6	4	5	5	2	2	4	4	6	6
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	2	3	2	2	2	3	1	1	1	2	2	2	2

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

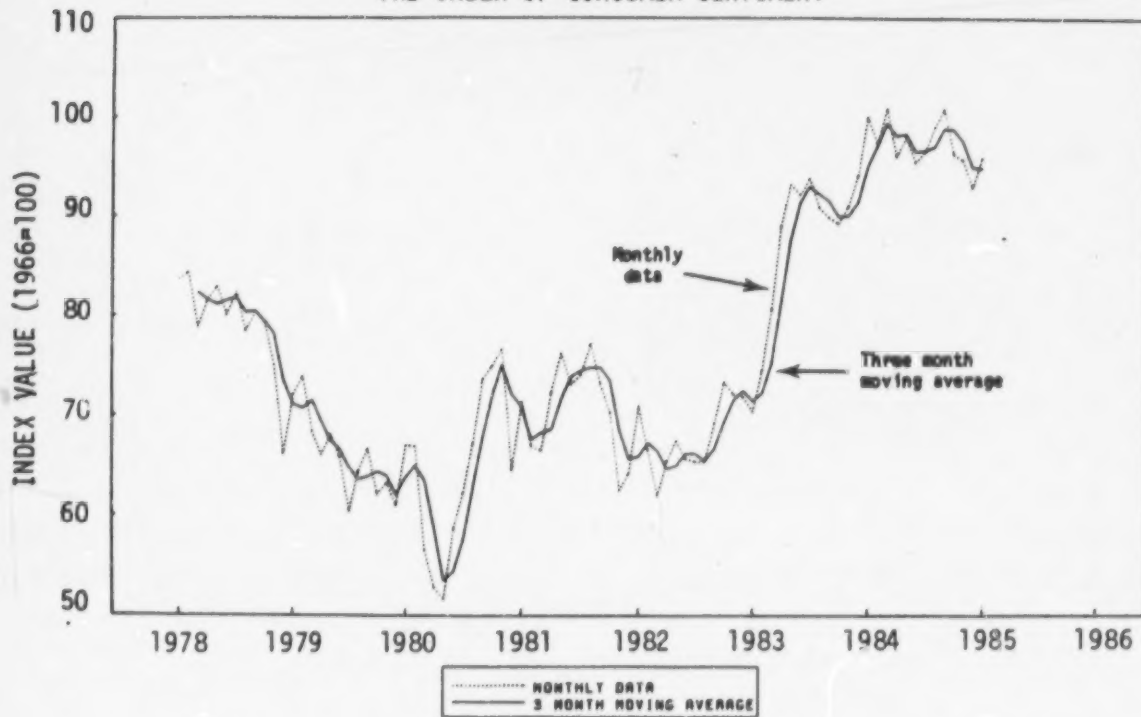
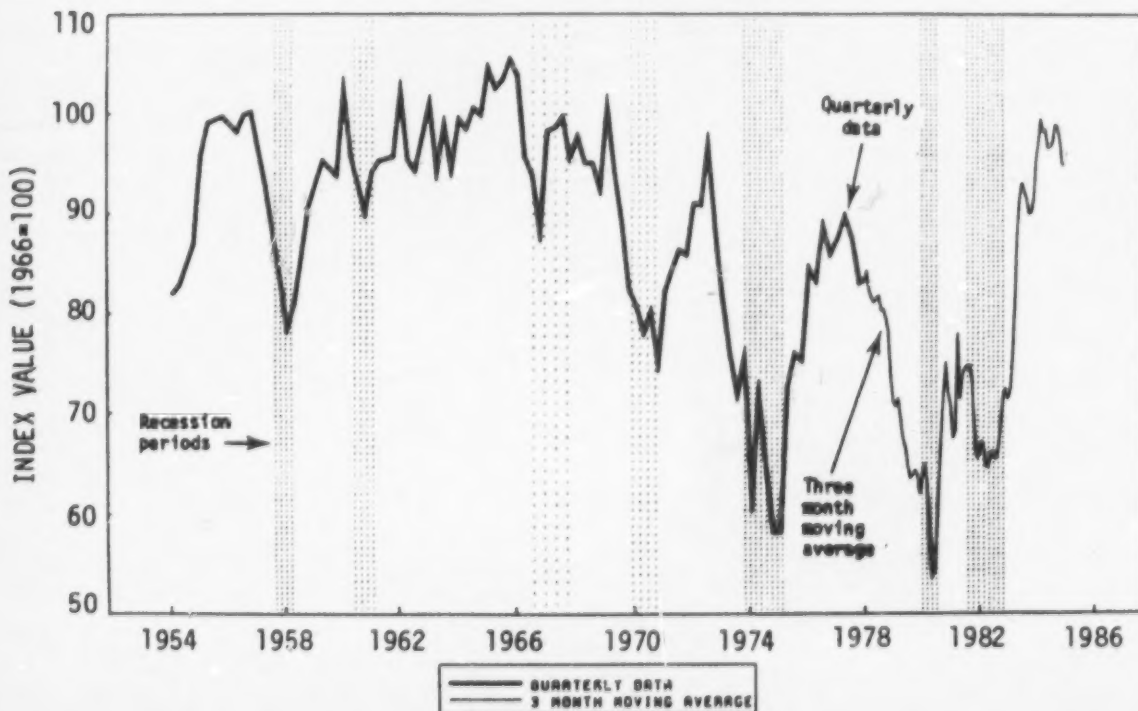


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.

MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.

THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES:	November 1948	-	October 1949
	July 1953	-	May 1954
	August 1957	-	April 1958
	April 1960	-	February 1961
	June 1966	-	November 1967*
	December 1969	-	November 1970
	November 1973	-	March 1975
	January 1980	-	July 1980
	July 1981	-	November 1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS^a OF SURVEY FINDINGS
(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	700 ^b	1,400 ^c	2,100 ^d
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

^aThe figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

^bAverage size of monthly surveys.

^cAverage size of two monthly surveys.

^dAverage size of three monthly surveys (one quarter).

March 6, 1987

FEBRUARY 1987 MONTHLY REPORT

Surveys of Consumer Attitudes

Richard T. Curtin, *Director*

OVERALL SENTIMENT MAINTAINED DESPITE WEAK DOMESTIC ECONOMY

- In the February 1987 survey, the Index of Consumer Sentiment was 90.2, nearly equal to the 90.4 recorded one month earlier, but below the year earlier figure of 95.9. Among families with incomes of \$30,000 or more, the Index rose to 103.6 in February from 101.2 in January, although it still remained below the year earlier reading of 107.8.
- Consumers continued to express favorable prospects for their own financial situation during the year ahead. An improved financial situation was expected by 38 percent of all families in the February 1987 survey, up somewhat from the 35 percent recorded a year earlier. Financial reversals were expected by just 12 percent in both years. Income increases during the year ahead were expected by 59 percent in February 1987, just below the 60 percent recorded in February 1986. The size of the expected increase was smaller, however, in the February 1987 survey than one year earlier—3.9% versus 4.8%. Since mid 1986, the proportion of families that expect their family income to grow by less than the inflation rate has increased, rising to 36 percent in February 1987, from the July 1986 low of 28 percent.
- The proportion of families that had heard news of favorable economic developments rose to 36 percent in February 1987, from the three year low of 22 percent in December 1986. Most of the improvement concerned jobs: fewer respondents mentioned increases in unemployment (23, down from 33 percent), and reports of increases in employment rose somewhat (10, up from 7 percent). Despite this recent improvement, however, unemployment expectations remained less favorable than one or two years earlier, with just 14 percent expecting any further reductions during 1987.
- The proportion of families that thought that the national economy had improved during the past year rose to 47 percent in February, from the three year low of 40 percent in December. Even after this improvement, this reading is still less favorable than a year earlier (51 percent), and substantially below the peak of 75 percent recorded three years earlier. Moreover, for only the second time in more than three years, the proportion of families that expected the economy to worsen exceeded the proportion that expected it to improve during the year ahead (23 versus 22 percent).
- Despite slow growth, good times financially in the country as a whole were expected to continue during the year ahead by 53 percent of all families in the February 1987 survey, unchanged from one month earlier, and below the year earlier reading of 61 percent. However, the majority did expect the economy to slide into recession during the next two to five years—by 50 percent in the February 1987 survey, up from 44 percent one year earlier. Confidence in government economic policies rose slightly in February from one month earlier, but overall remained at its lowest level since the end of the last recession. Among all families in the February 1987 survey, more families rated economic policies unfavorably than favorably (26 versus 23 percent).

- Attitudes toward buying conditions for homes remained at very favorable levels in the February 1987 survey. Among all families, 81 percent held favorable home buying attitudes in February, up from 76 percent one month and one year earlier. These favorable attitudes continue to be based on the availability of reduced mortgage interest rates, mentioned by 74 percent of all families. Perceptions of market prices for homes continued to be positive, as more than three times as many families mentioned the current availability of good housing buys than complained about high housing prices (22 versus 6 percent).
- The proportion holding favorable vehicle buying attitudes rose to 62 percent in the February 1987 survey, from 55 percent one month earlier. The improvement was due to the greater availability of price discounts and rebates—reported by 29 percent in February 1987, up from 21 percent one month earlier, while complaints about high prices fell to 13 from 17 percent. Despite this recent improvement, favorable car buying attitudes are much less favorable than at the September 1986 peak of 81 percent, or the 73 percent recorded in last February's survey. Although more families mentioned price discounts in February than a year earlier (29 versus 22 percent), the increase was not enough to offset the decline in favorable perceptions of interest rates on vehicle purchases. Among all families in the February 1987 survey, 38 percent mentioned the availability of interest rate discounts, down from the peak of 73 percent in September, and 53 percent one year earlier.

● ● ●

Attitudes toward the national economy improved by a modest extent in the February 1987 survey, but the improvement nonetheless left evaluations of the economy near the lowest levels recorded during the past three years. Most consumers now expect economic growth to be minimal during the year ahead, but do not expect a recession. Over the next two to five years, however, the majority expected the economy to slip into recession. In contrast to the significant declines in evaluations of the general economy, consumers continue to favorably view their own personal financial situation. These positive evaluations have been built and sustained by low rates of inflation. Increases in the inflation rate during the year ahead would erode this favorable base, but such increases are unlikely to provide the impetus for a sharp or sudden drop. Comparable increases in interest rates, in contrast, would have a more substantial and more immediate impact on buying decisions. Importantly, consumers remain willing to spend, but expect to be enticed by discounts on prices and interest rates. Since consumers have learned that discounts are offered repeatedly in response to slow sales, they are more willing to wait, especially given this late stage of the current expansion. The outlook for consumption remains favorable in that sales rates of homes and vehicles will show only modest declines from the 1986 peak rates.

SURVEYS OF CONSUMER ATTITUDES



Institute for Social Research

TABLES AND CHARTS

MARCH 1987

The March 1987 survey is the 224th in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

While every effort is made to accurately measure consumer attitudes and expectations, factors other than sampling may also affect the accuracy of these (and other) findings. These factors may include effects of the question wording, the ability of respondents to articulate answers and opinions, refusal to participate in the survey, and incomplete coverage of the population. There are no standard measures of these effects, but their presence should be acknowledged when using these and all other survey data. While measurement effects are present in all surveys, a noted advantage of time-series data is that the non-sampling influences remain relatively constant over samples.

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8	EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS
9	EXPECTED CHANGE IN REAL FAMILY INCOME
10	NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS
11	SELECTED ITEMS OF NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS
12	CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO
13	EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR
14	TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS
15	BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS
16	BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS
17	EXPECTED CHANGE IN UNEMPLOYMENT
18	EXPECTED CHANGE IN INTEREST RATES
19	EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS
20	OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY
21	BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS
22	SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS
23	BUYING CONDITIONS FOR HOUSES
24	SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES
25	BUYING CONDITIONS FOR CARS
26	SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

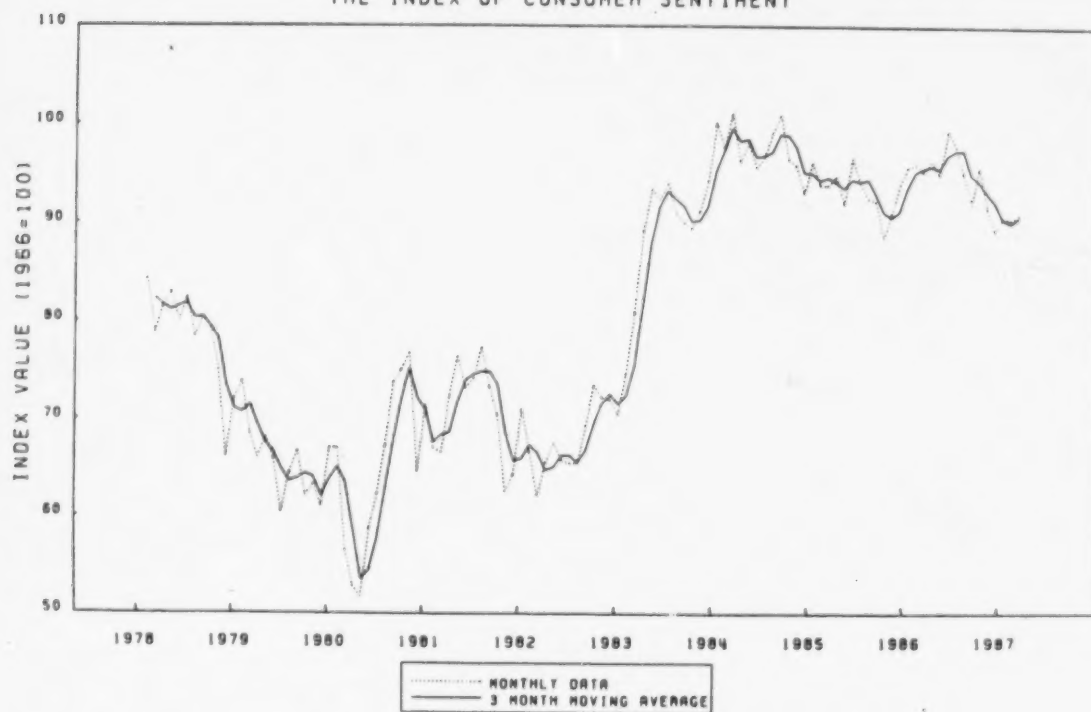


CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

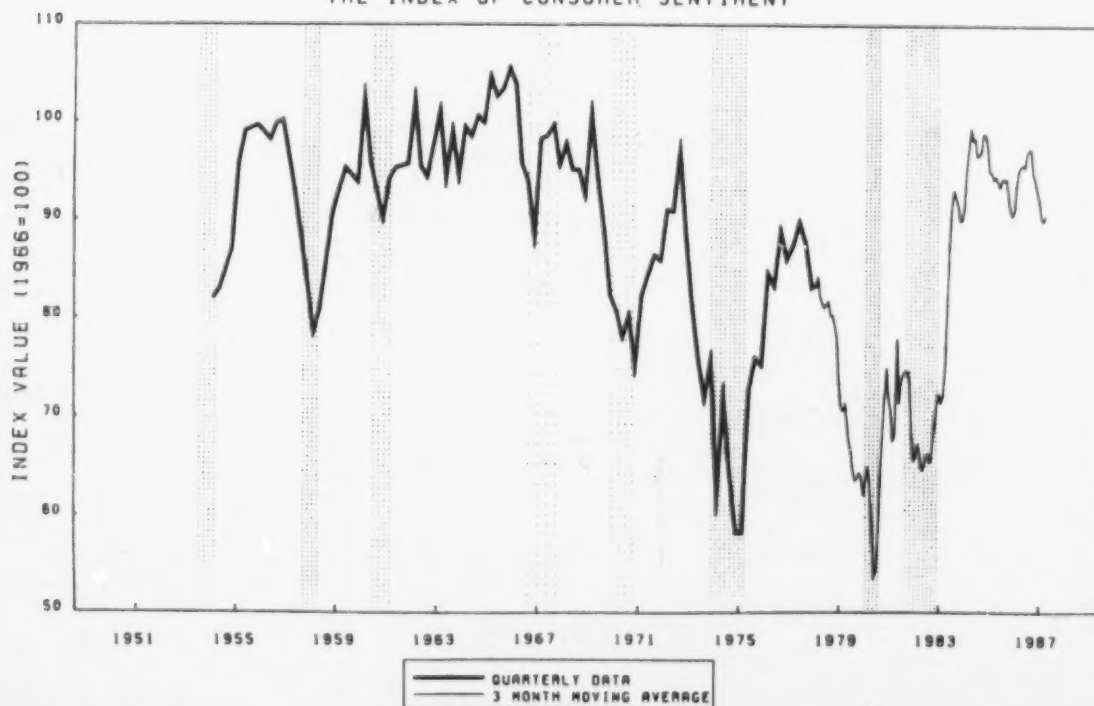


TABLE 1
THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	All families	Families with incomes over \$30,000	Families with incomes over \$40,000
March 1984	101.0	117.8	118.3
April 1984	96.1	107.0	107.8
May 1984	98.1	107.8	108.9
June 1984	95.5	105.5	108.6
July 1984	96.6	102.7	109.2
August 1984	99.1	113.3	116.4
September 1984	100.9	110.8	112.9
October 1984	96.3	113.5	114.8
November 1984	95.7	112.9	113.6
December 1984	92.9	101.5	101.7
January 1985	96.0	110.2	112.1
February 1985	93.7	113.8	113.8
March 1985	93.7	110.8	114.4
April 1985	94.6	108.9	114.9
May 1985	91.8	105.3	107.7
June 1985	96.5	107.4	110.3
July 1985	94.0	105.2	109.5
August 1985	92.4	106.7	110.2
September 1985	92.1	101.7	104.9
October 1985	88.4	99.6	107.4
November 1985	90.9	100.8	100.3
December 1985	93.9	106.0	108.3
January 1986	95.6	109.7	110.1
February 1986	95.9	107.8	109.0
March 1986	95.1	102.9	110.2
April 1986	96.2	106.9	111.0
May 1986	94.8	105.5	109.9
June 1986	99.3	110.6	112.4
July 1986	97.7	109.6	108.5
August 1986	94.9	105.0	106.6
September 1986	91.9	99.5	102.1
October 1986	95.6	102.8	105.5
November 1986	91.4	97.5	98.7
December 1986	89.1	98.7	98.3
January 1987	90.4	101.2	104.0
February 1987	90.2	103.6	103.6
March 1987	90.8	97.8	96.1

CHART 2A - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

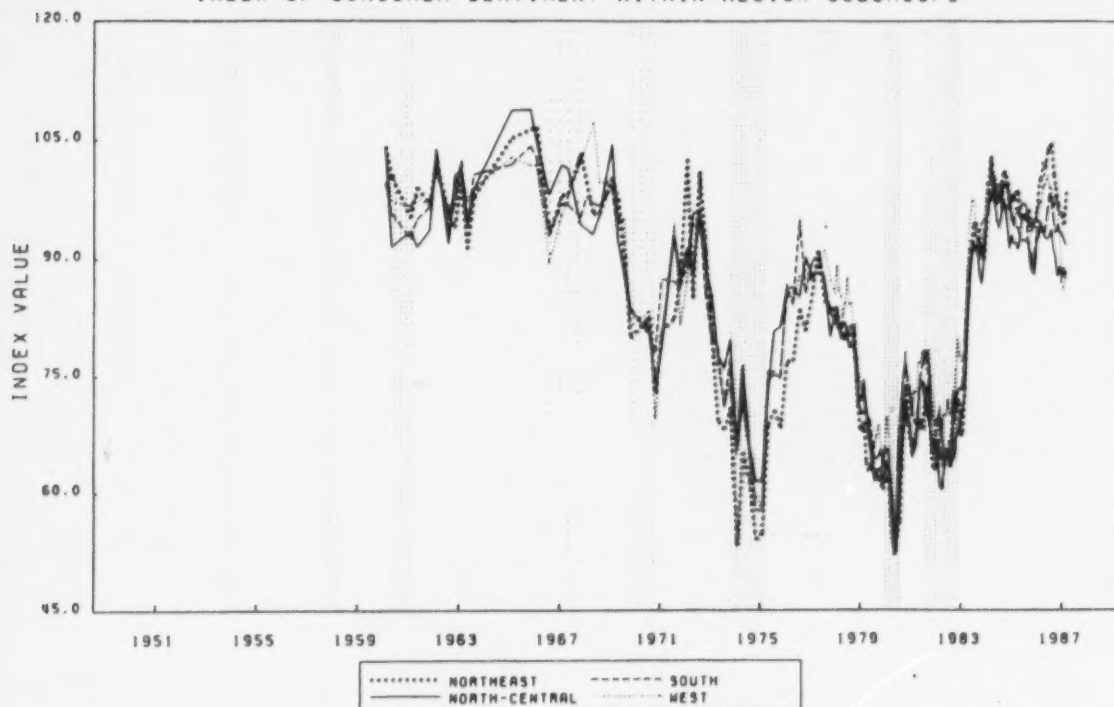


CHART 2B - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

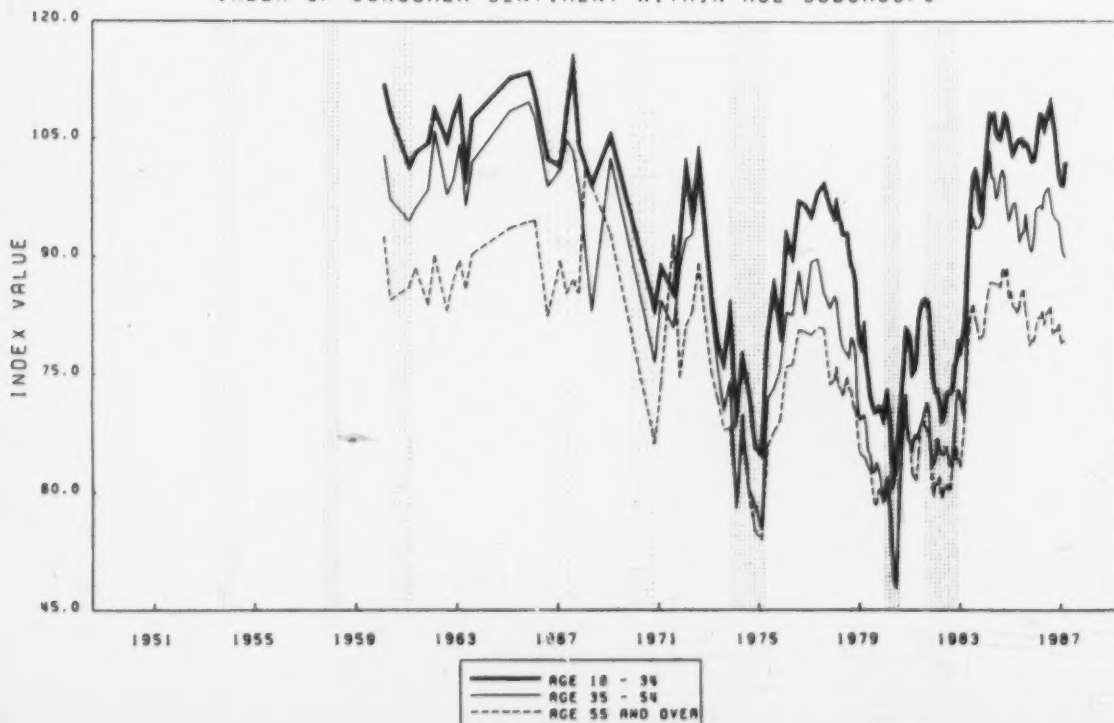


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY	CENSUS REGION				AGE OF RESPONDENT		
	North East	North Central	South	West	18-34	35-54	55+
March 1984	104.8	98.5	102.1	97.5	109.9	105.2	86.6
April 1984	92.8	96.1	96.5	100.5	107.2	95.4	86.0
May 1984	98.8	96.3	96.5	103.9	107.5	98.8	86.6
June 1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July 1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August 1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September 1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October 1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November 1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December 1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January 1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February 1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March 1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April 1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May 1985	88.8	94.0	91.9	91.3	103.2	87.9	84.6
June 1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July 1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August 1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September 1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October 1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November 1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December 1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January 1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8
February 1986	103.4	92.7	93.2	98.0	109.7	94.1	83.8
March 1986	99.1	94.9	91.3	98.9	109.1	96.0	82.0
April 1986	102.7	92.3	94.4	99.5	104.8	97.8	83.6
May 1986	101.2	90.1	93.5	98.8	104.9	99.9	78.3
June 1986	106.2	94.1	98.5	102.7	112.7	97.9	86.6
July 1986	103.9	93.4	101.7	94.7	108.2	98.6	84.5
August 1986	102.5	92.6	90.5	98.2	107.9	95.2	80.1
September 1986	94.6	87.0	91.9	95.8	106.3	92.4	76.1
October 1986	99.1	90.0	96.5	99.3	102.5	97.3	85.7
November 1986	95.8	85.6	93.2	92.3	99.5	94.2	80.4
December 1986	91.8	90.4	89.5	84.0	98.0	91.3	78.3
January 1987	98.1	85.9	96.0	83.9	99.9	91.2	78.4
February 1987	92.4	89.5	90.7	89.2	99.1	89.2	81.5
March 1987	104.6	86.3	87.5	91.2	106.4	89.3	77.7

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

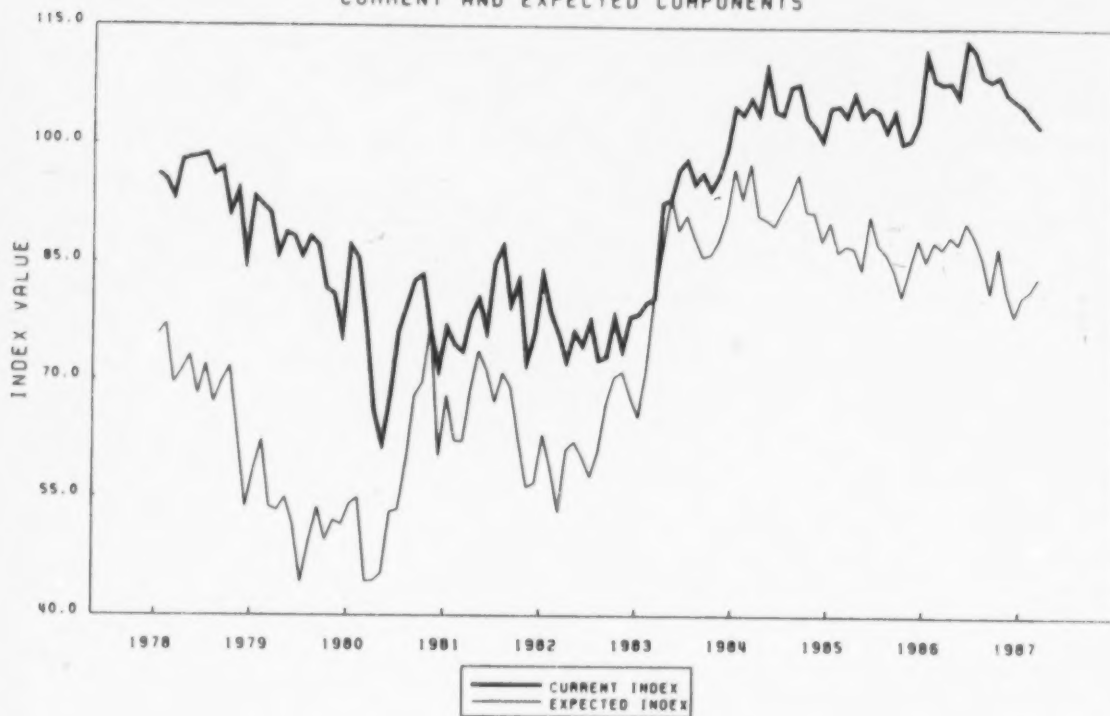


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

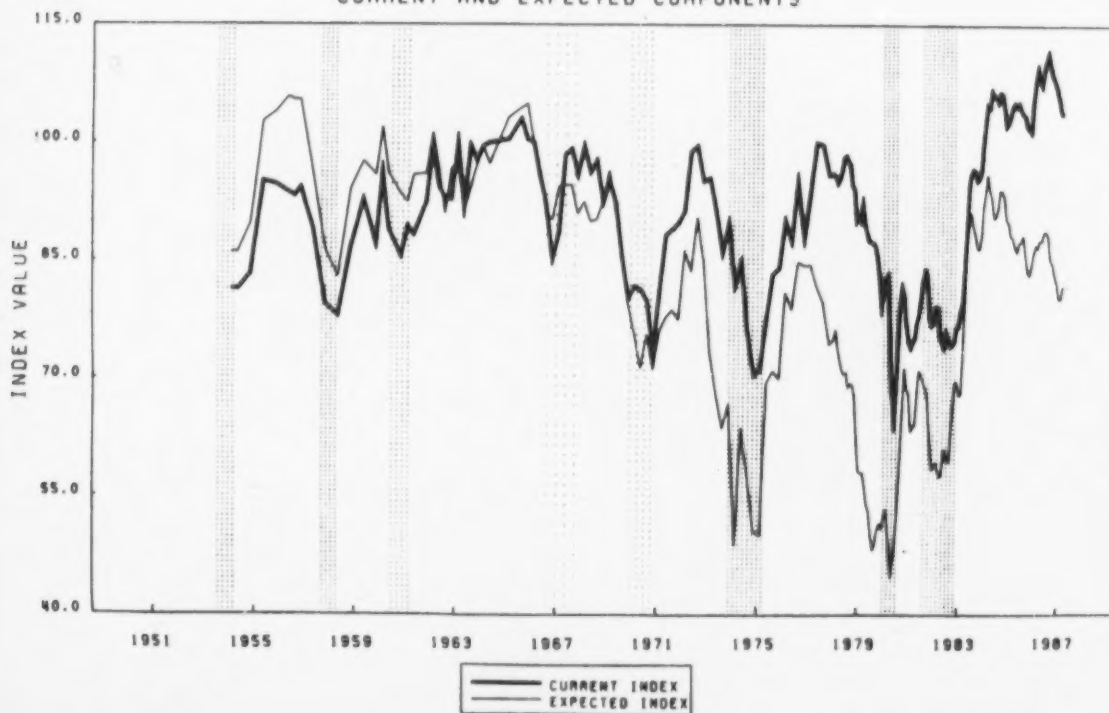


TABLE 3
COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY		INDEX COMPONENTS +						
		Personal finances		Business conditions		Buying conds.	Current Index	Expected Index
		Current	Expected	12 months	5 years			
		(1)	(2)	(3)	(4)			
March	1984	122	135	146	113	153	106.0	97.7
April	1984	116	125	136	107	152	103.5	91.4
May	1984	121	129	131	105	164	109.8	90.6
June	1984	126	124	131	106	145	104.4	89.8
July	1984	117	124	133	113	152	103.9	91.9
August	1984	125	129	137	111	153	107.5	93.7
September	1984	125	131	142	116	154	107.8	96.4
October	1984	118	127	134	107	150	103.6	91.6
November	1984	121	129	132	107	144	102.4	91.5
December	1984	118	125	131	98	143	100.6	87.9
January	1985	119	124	135	104	153	104.9	90.3
February	1985	115	120	131	96	158	105.1	86.5
March	1985	112	123	133	96	156	103.7	87.3
April	1985	116	127	128	95	161	106.6	87.0
May	1985	116	120	121	97	152	103.7	84.2
June	1985	115	127	133	106	157	104.9	91.1
July	1985	116	124	129	98	154	104.3	87.4
August	1985	112	123	125	99	152	101.8	86.3
September	1985	116	124	118	96	155	104.3	84.2
October	1985	111	123	111	90	148	100.3	80.8
November	1985	111	124	120	96	150	100.7	84.5
December	1985	120	124	127	103	147	103.1	88.1
January	1986	122	123	126	93	168	111.8	85.3
February	1986	117	123	132	98	164	108.4	87.8
March	1986	120	124	129	96	160	107.9	86.9
April	1986	120	128	133	94	160	108.1	88.5
May	1986	117	129	131	92	158	106.2	87.5
June	1986	124	127	136	100	170	113.3	90.3
July	1986	126	130	131	94	165	112.1	88.5
August	1986	121	128	123	94	161	108.9	85.9
September	1986	120	127	115	84	161	108.3	81.3
October	1986	120	127	124	99	162	108.9	87.1
November	1986	121	121	120	87	155	106.7	81.6
December	1986	116	127	104	83	158	105.8	78.3
January	1987	120	130	117	77	152	105.1	80.9
February	1987	115	126	117	84	153	103.7	81.6
March	1987	114	122	121	92	152	102.5	83.3

(1) See Table 4.

(2) See Table 6.

(3) See Table 15.

(4) See Table 16.

(5) See Table 21.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

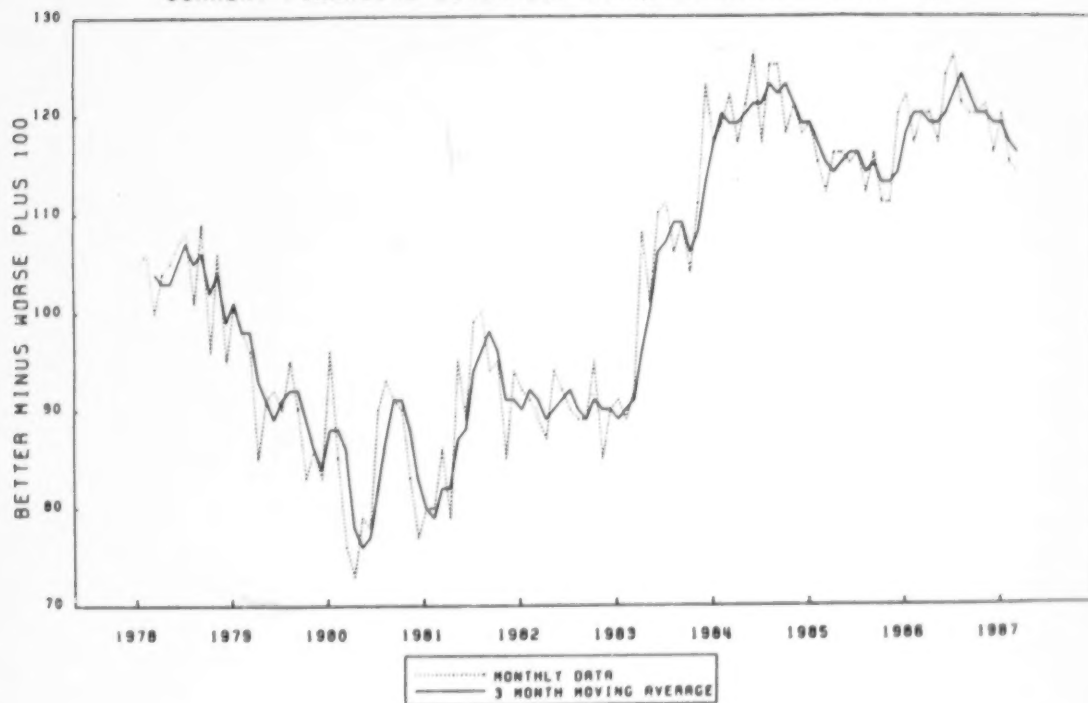


CHART 4 - HISTORICAL SERIES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

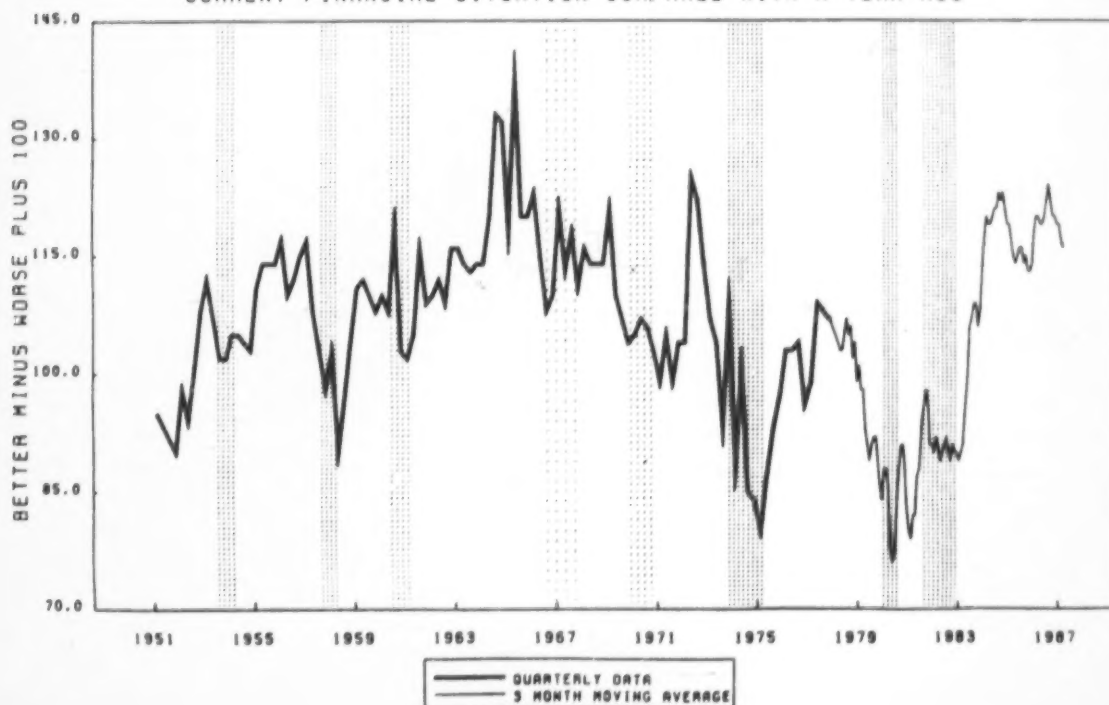


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987
BETTER OFF	44%	45%	42%	47%	49%	46%	45%	44%	43%	43%	45%	44%	41%
SAME	32	30	33	29	28	28	30	32	35	30	29	27	32
WORSE OFF	24	25	25	23	23	25	25	24	22	27	25	29	27
DK,NA	*	*	*	1	*	1	*	*	*	*	1	*	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	658	655	658	665	653	659	651	656	653	655	657	652

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

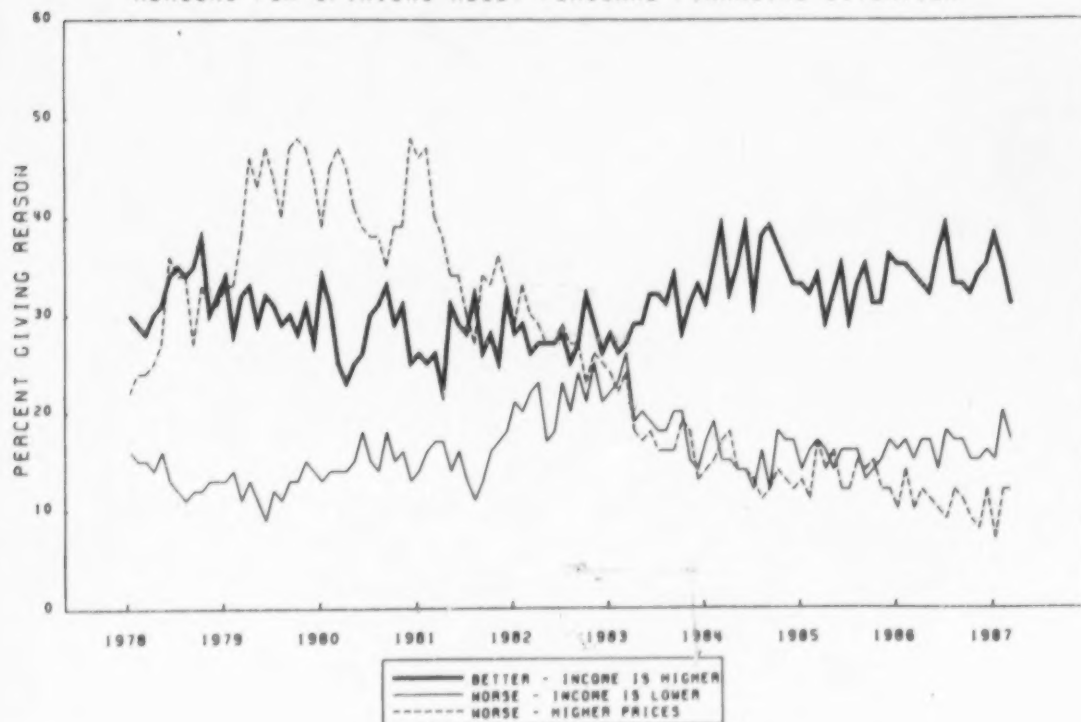


CHART 5 - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

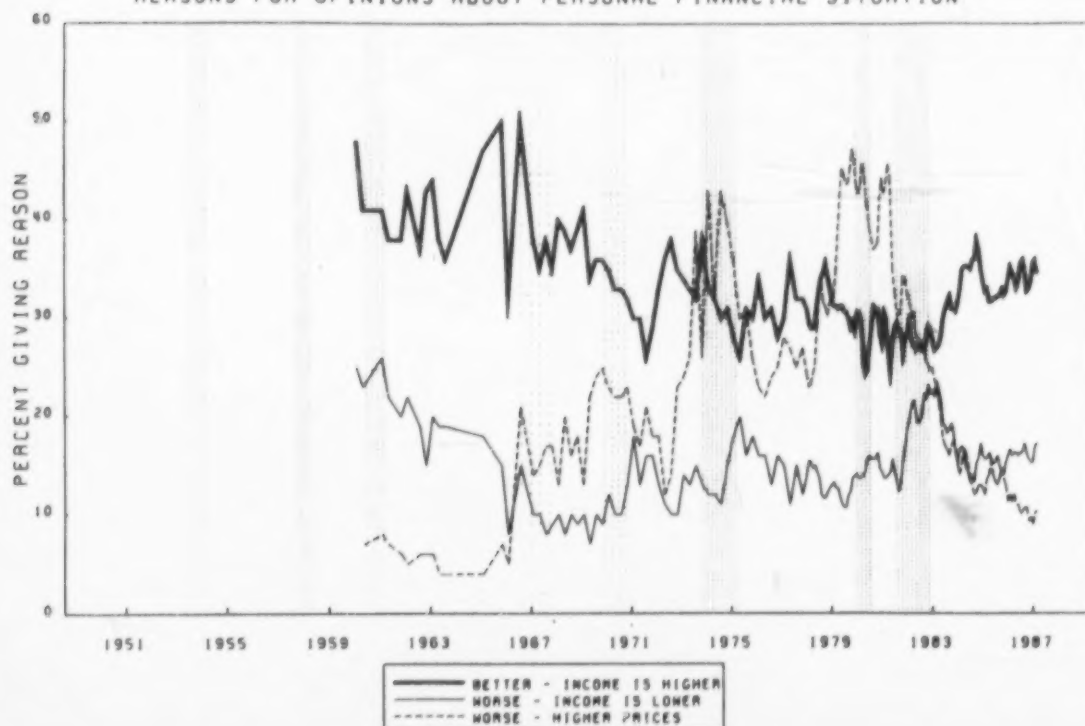


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987
BETTER OFF THAN YEAR AGO:													
Income is higher	34%	33%	32%	36%	39%	33%	33%	32%	34%	35%	38%	35%	31%
WORSE OFF THAN YEAR AGO:													
Income is lower	15	17	17	14	18	17	17	15	15	16	15	20	17
Higher prices	10	12	11	10	9	12	11	9	8	12	7	12	12

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES
EXPECTED CHANGE IN FINANCIAL SITUATION

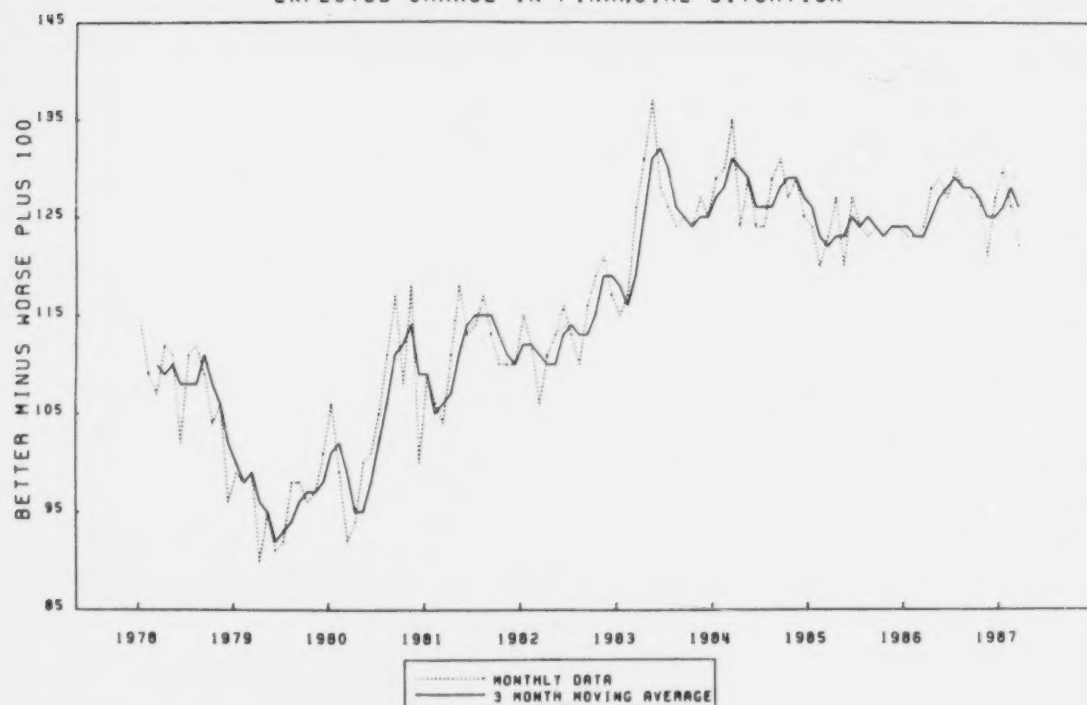


CHART 6 - HISTORICAL SERIES
EXPECTED CHANGE IN FINANCIAL SITUATION

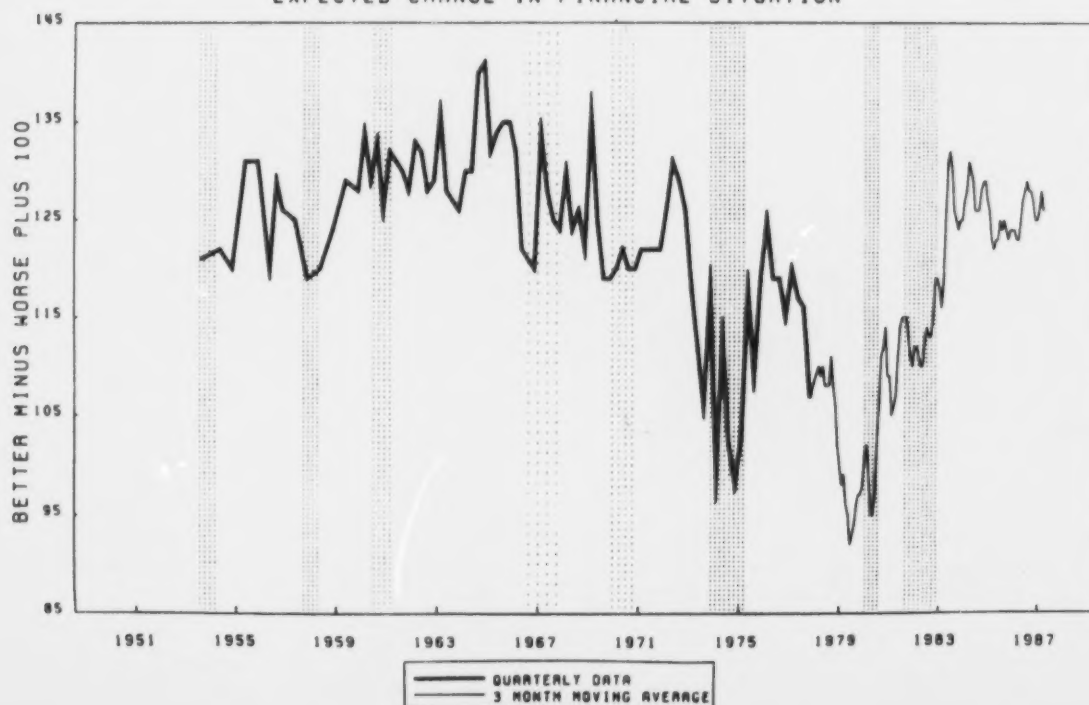


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987
BETTER OFF	37%	38%	40%	38%	38%	39%	38%	37%	33%	36%	39%	38%	33%
SAME	47	49	47	49	52	48	47	51	52	52	48	48	53
WORSE OFF	13	10	11	11	8	11	11	10	12	9	9	12	11
DK,NA	3	3	2	2	2	2	4	2	3	3	4	2	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	658	655	658	665	653	659	651	656	653	655	657	652

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION

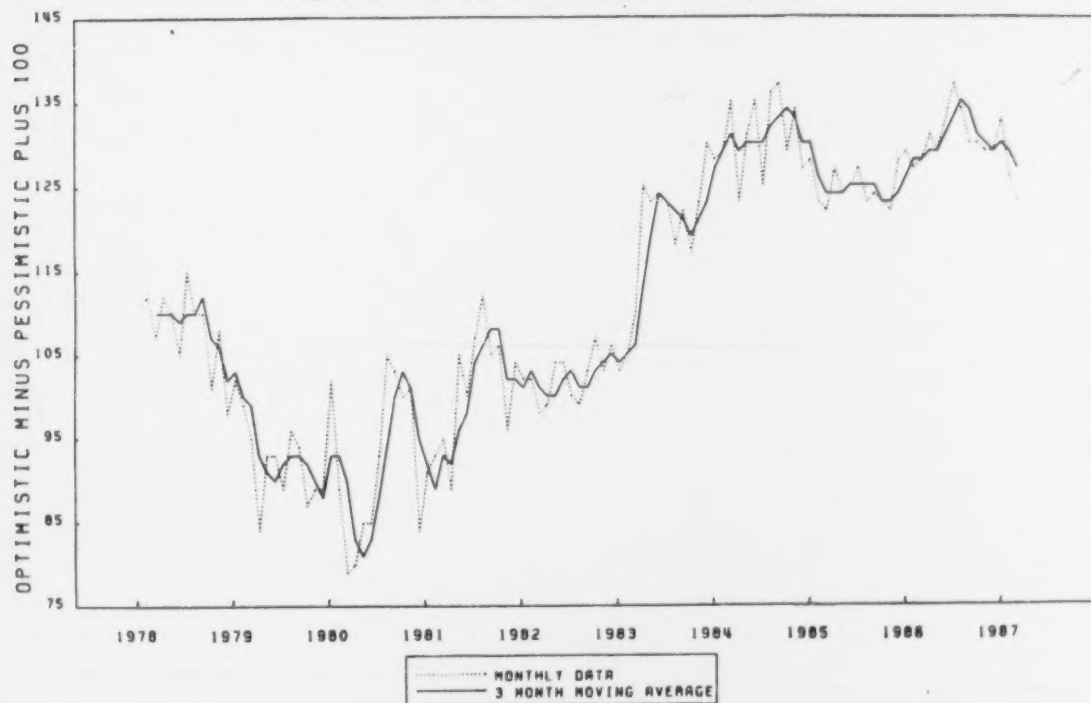


CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION

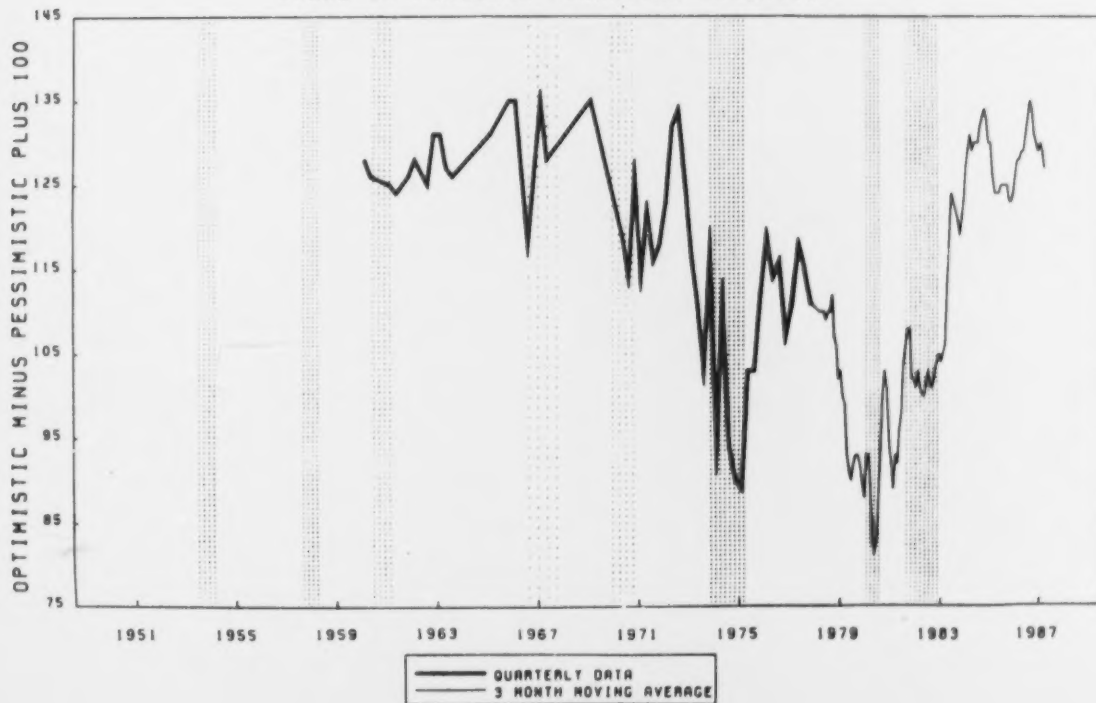


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	22%	23%	22%	22%	23%	21%	21%	22%	18%	18%	22%	22%	19%
Intermittant increase (b)	27	28	26	29	29	32	29	27	29	29	28	27	25
Remain unchanged (c)	18	16	19	18	19	15	16	19	22	19	17	15	22
Intermittant decline (d)	14	16	15	14	12	13	15	16	13	14	14	17	16
Continuous decline (e)	7	4	4	4	3	6	5	3	5	4	3	6	5
Mixed change (f)	9	10	11	11	11	11	10	11	10	13	12	11	10
DK,NA	3	3	3	2	3	2	4	2	3	3	4	2	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	658	655	658	665	653	659	651	656	653	655	657	652

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now

(b) Better/Same or Same/Better

(c) Same/Same

(d) Worse/Same or Same/Worse

(e) Worse/Worse

(f) Worse/Better or Better/Worse

CHART B - RECENT CHANGES
 MEDIAN EXPECTED CHANGE IN FAMILY INCOME

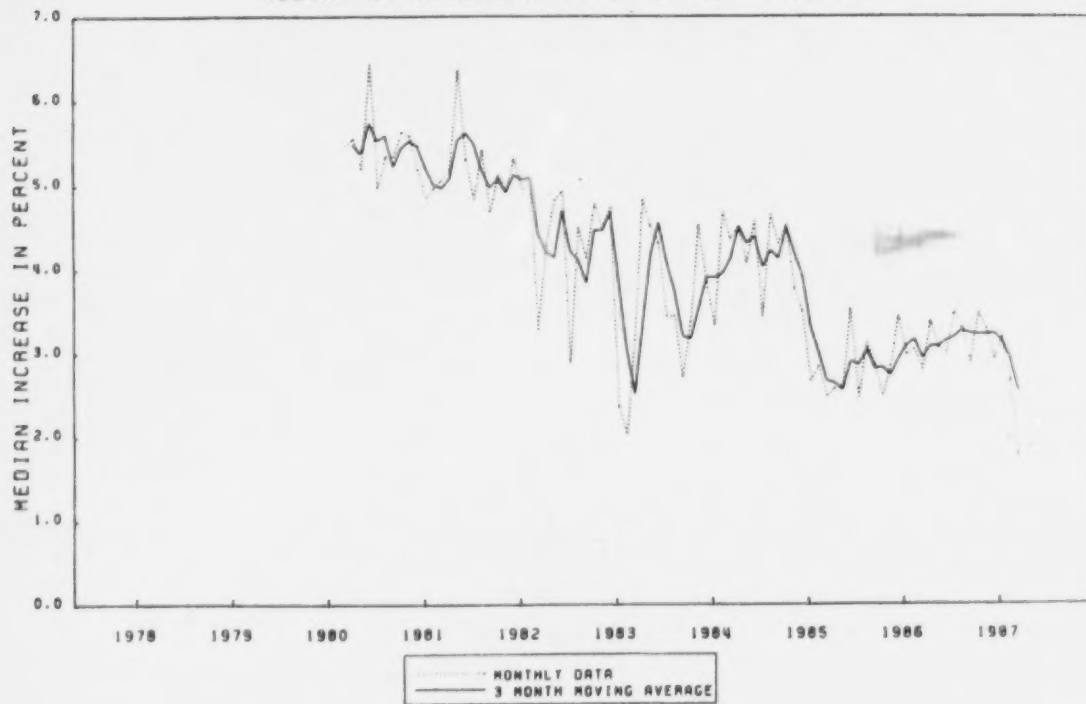


CHART B - HISTORICAL SERIES
 MEDIAN EXPECTED CHANGE IN FAMILY INCOME

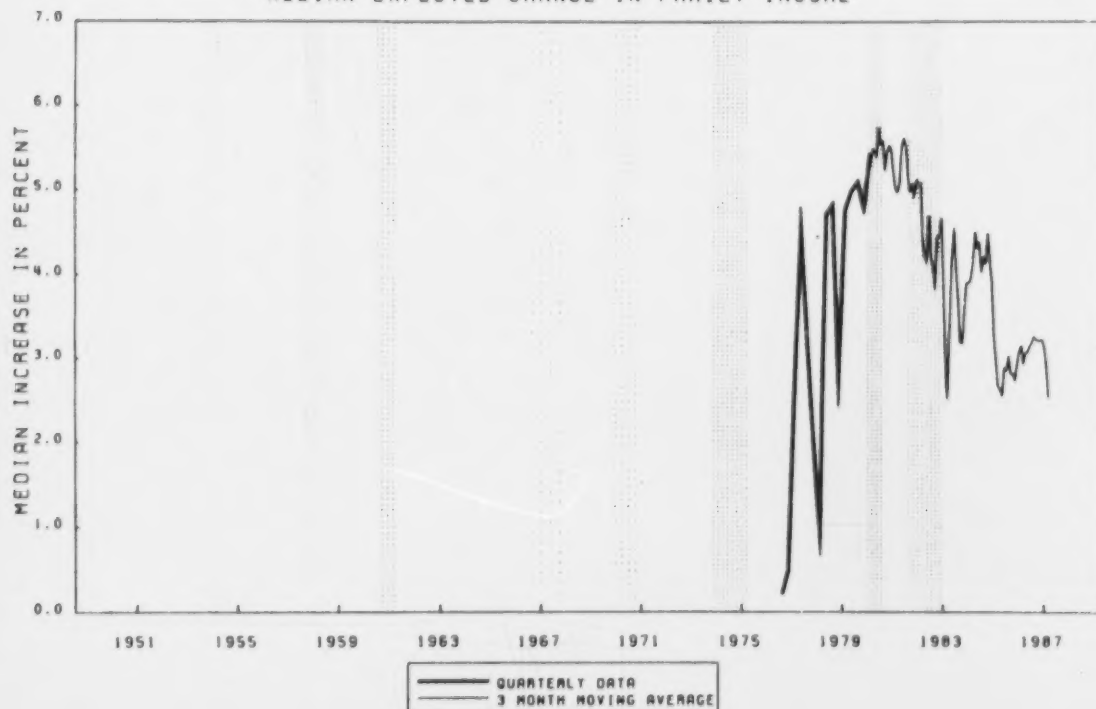


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987
EXPECT INCREASE:													
1-4%	16%	13%	16%	15%	15%	16%	16%	14%	17%	18%	16%	15%	17%
5%	10	9	9	11	12	11	15	12	13	12	11	12	11
6-9%	6	8	10	8	8	7	7	6	9	8	8	5	7
10-24%	14	19	15	15	17	14	15	19	15	14	17	15	11
25% or more	7	7	6	7	8	9	4	7	6	6	6	6	5
DK how much up	4	3	3	3	4	5	3	3	4	4	4	6	6
EXPECT SAME	27	25	25	25	22	24	26	26	23	26	25	27	28
EXPECT DOWN	15	15	14	14	14	13	13	12	12	12	12	14	15
DK,NA	1	1	2	2	*	1	1	1	1	*	1	*	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	658	655	658	665	653	659	651	656	653	655	657	652

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

* : Less than half of one percent.

CHART 9 - RECENT CHANGES
INCOME OR PRICES UP MORE NEXT YEAR

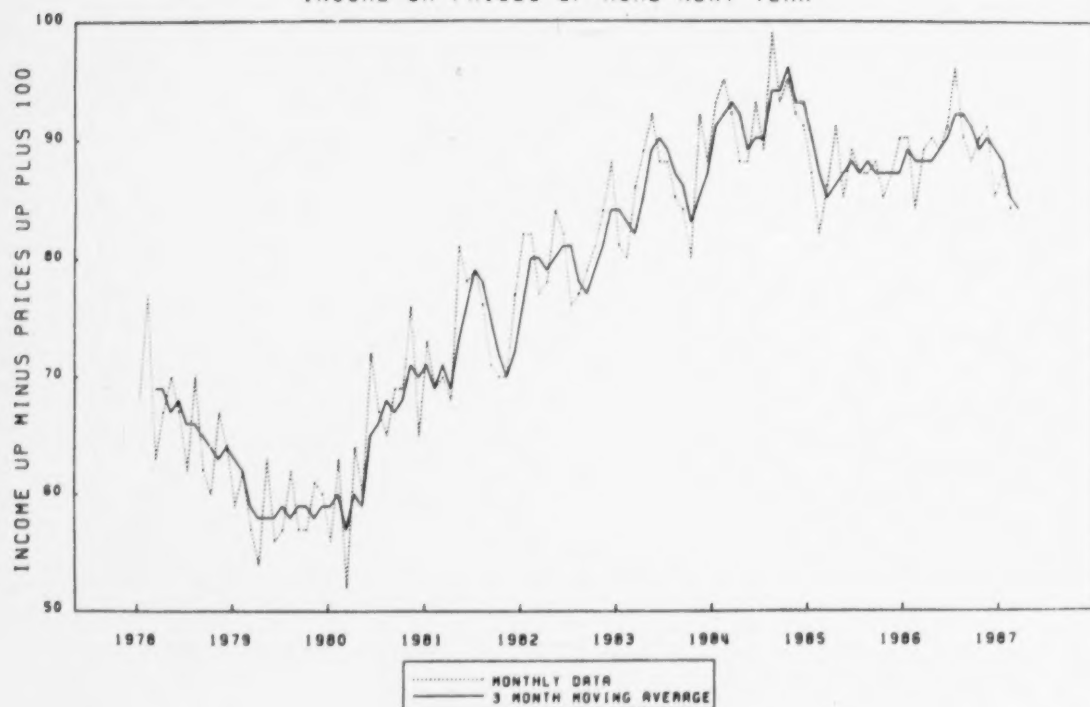


CHART 9 - HISTORICAL SERIES
INCOME OR PRICES UP MORE NEXT YEAR

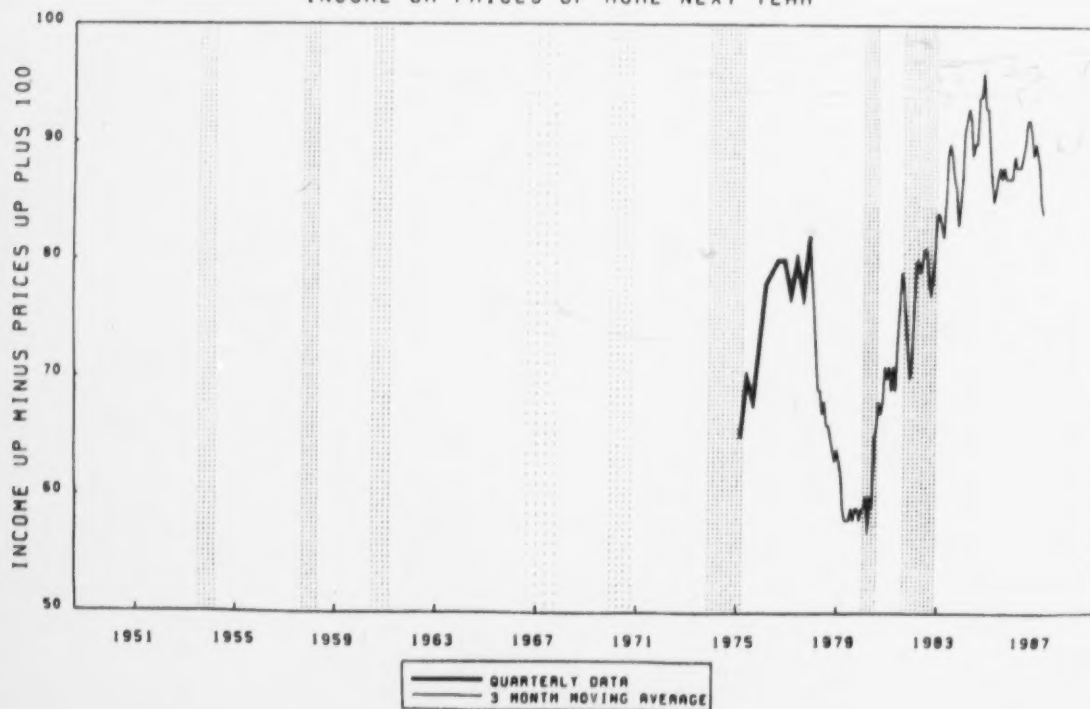


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987
INCOME UP MORE	21%	21%	21%	23%	24%	22%	20%	22%	21%	19%	22%	20%	18%
INCOME UP SAME	44	45	44	43	47	44	47	45	47	45	41	42	44
PRICES UP MORE	32	31	32	32	28	32	32	32	30	34	35	36	36
DK,NA	3	3	3	2	1	2	1	1	2	2	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	658	655	658	665	653	659	651	656	653	655	657	652

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

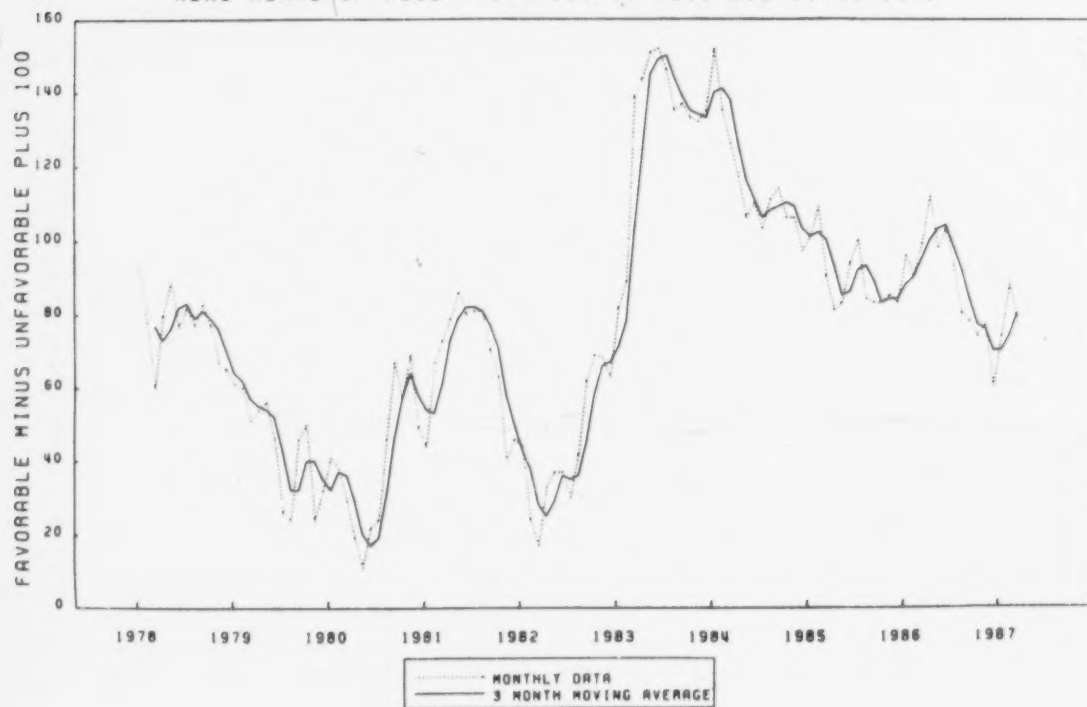


CHART 10 - HISTORICAL SERIES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

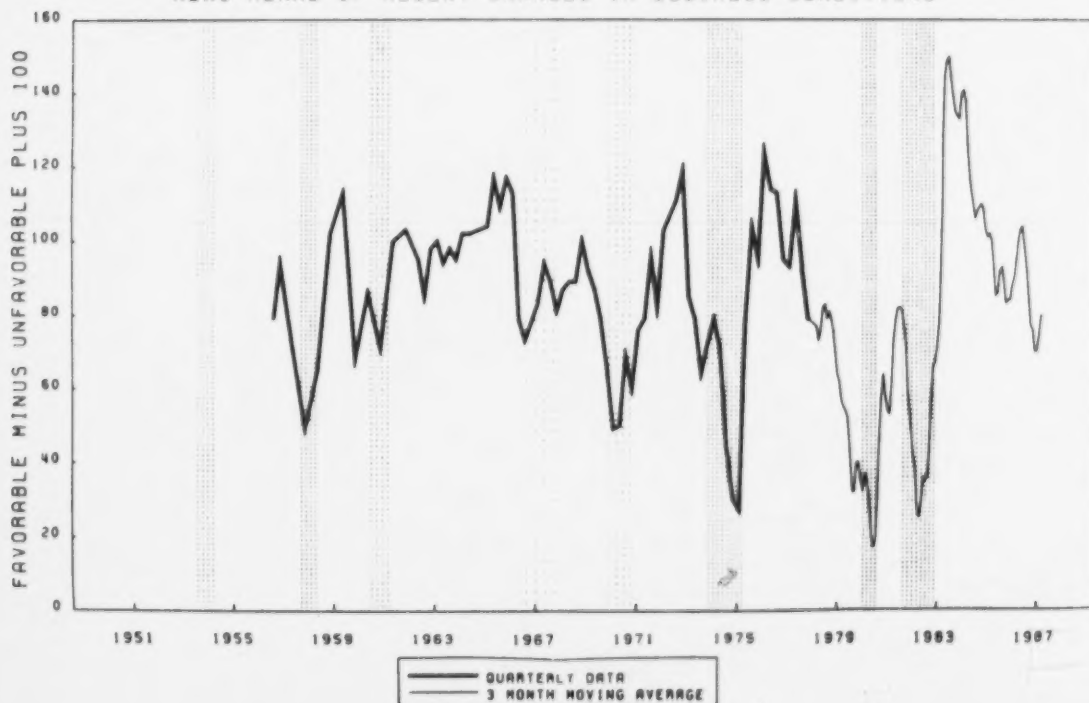


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987
FAVORABLE NEWS	46%	55%	42%	42%	37%	33%	29%	26%	30%	22%	26%	36%	27%
UNFAVORABLE NEWS	47	43	44	39	44	53	51	52	53	62	52	48	48
NO MENTIONS	43	38	44	46	45	44	49	48	47	44	44	45	49

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

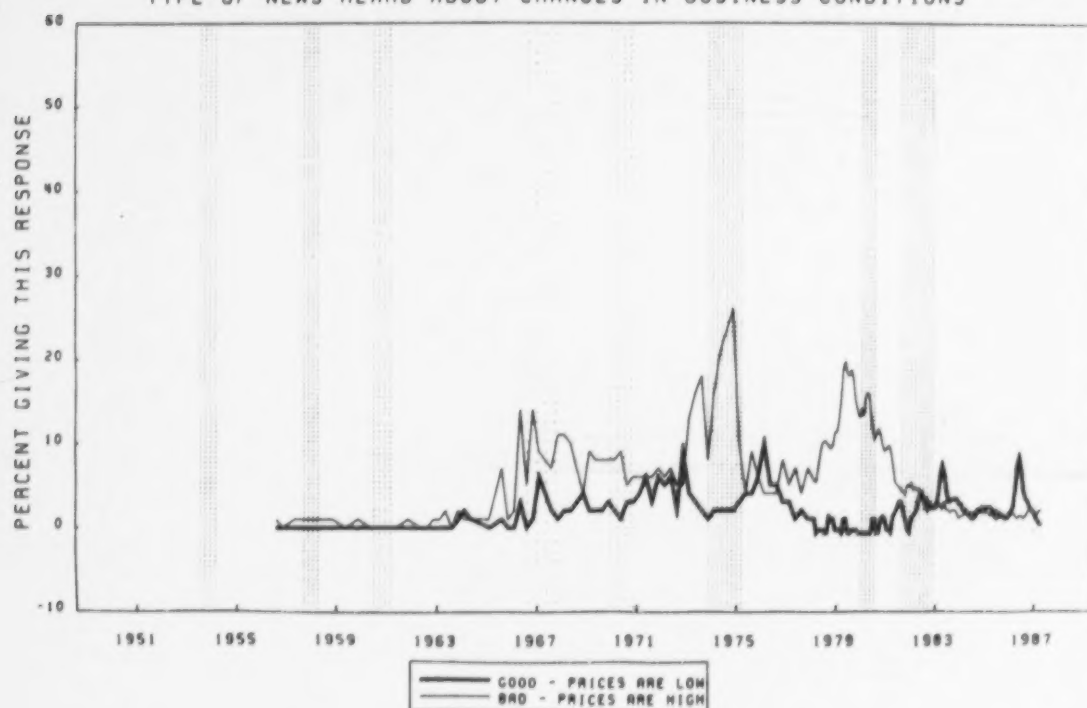


CHART 11B - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

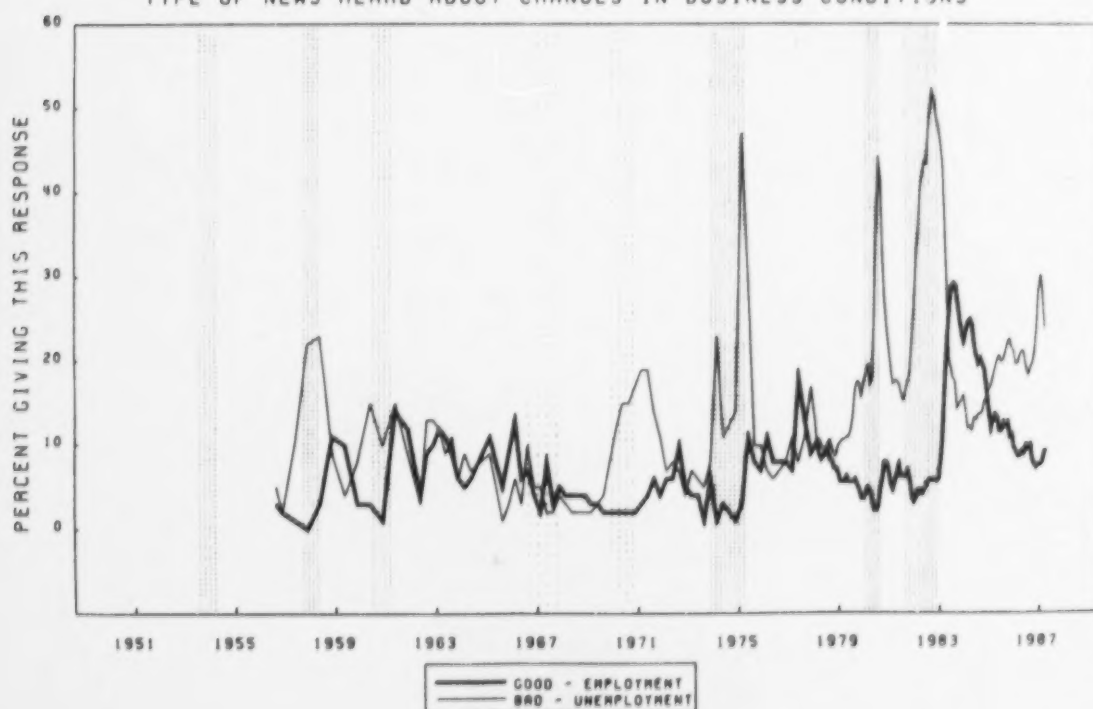


TABLE 11
SELECTED ITEMS OF
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987
FAVORABLE NEWS:													
Government; elections	*	1%	2%	3%	3%	2%	2%	1%	3%	1%	2%	2%	2%
Employment	8	10	9	11	9	10	6	7	9	7	7	10	11
Higher consumer demand	3	3	2	2	1	3	2	3	2	2	3	3	1
Lower prices	8	11	6	3	4	3	2	2	2	1	*	1	*
Easier credit	15	17	11	9	11	7	11	8	5	5	5	6	4
UNFAVORABLE NEWS:													
Government; elections	3	3	3	4	5	5	6	8	6	8	9	5	7
Unemployment	23	20	20	18	19	21	19	23	29	33	29	23	20
Lower consumer demand	2	2	3	2	1	2	1	2	2	4	2	3	2
Higher prices	1	1	2	1	*	3	2	2	1	2	1	2	3
Tighter credit	*	1	1	2	1	1	1	*	1	1	1	1	1
Energy crisis	*	*	1	*	*	*	*	*	*	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

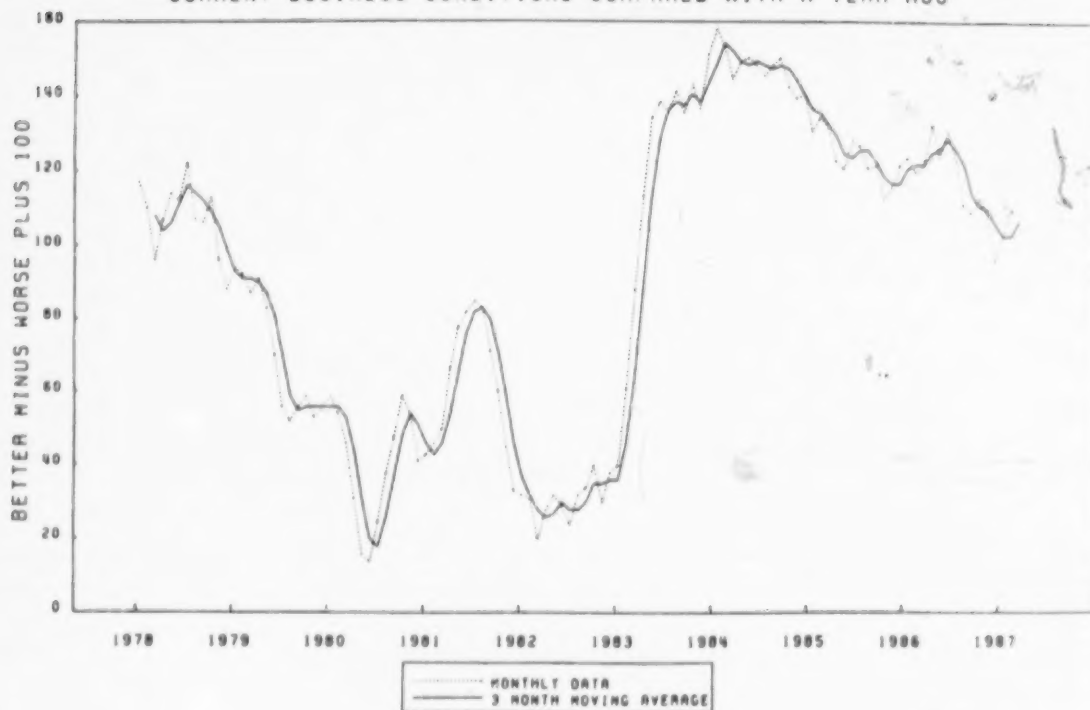


CHART 12 - HISTORICAL SERIES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

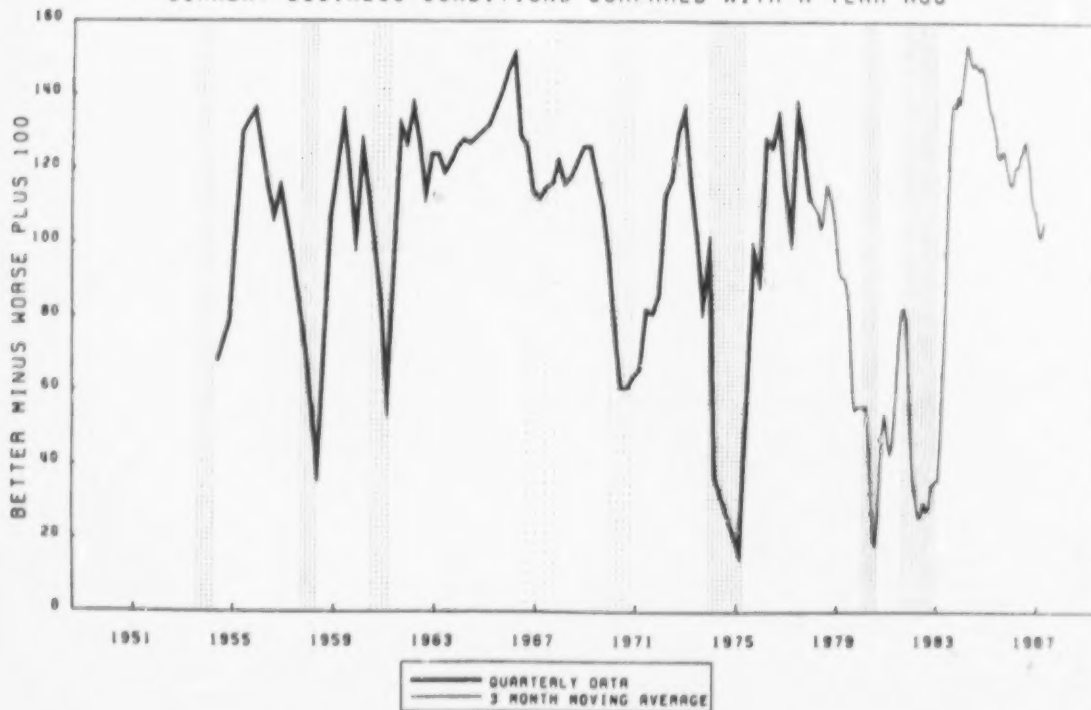


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987
BETTER NOW	53%	61%	54%	60%	53%	47%	47%	47%	45%	40%	43%	47%	45%
SAME	13	9	13	8	14	14	13	15	16	13	14	14	17
WORSE NOW	32	29	31	30	31	37	39	35	37	45	41	38	37
DK,NA	2	1	2	2	2	2	1	3	2	2	2	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	658	655	658	665	653	659	651	656	653	655	657	652

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

TABLE 13
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987
BETTER	29%	29%	26%	25%	24%	26%	23%	21%	20%	20%	24%	22%	22%
SAME	53	55	57	60	60	56	55	59	59	56	58	54	61
WORSE	16	15	14	14	14	17	18	18	19	22	17	23	14
DK,NA	2	1	3	1	2	1	4	2	2	2	1	1	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	658	655	658	665	653	659	651	656	653	655	657	652

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

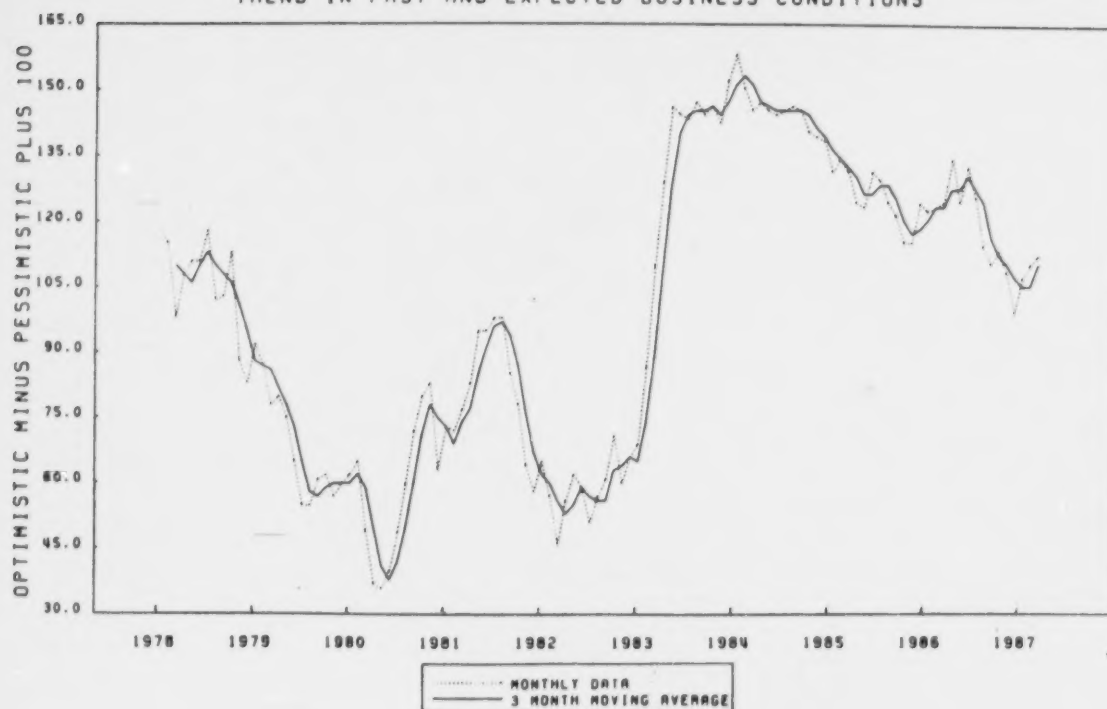


CHART 14 - HISTORICAL SERIES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

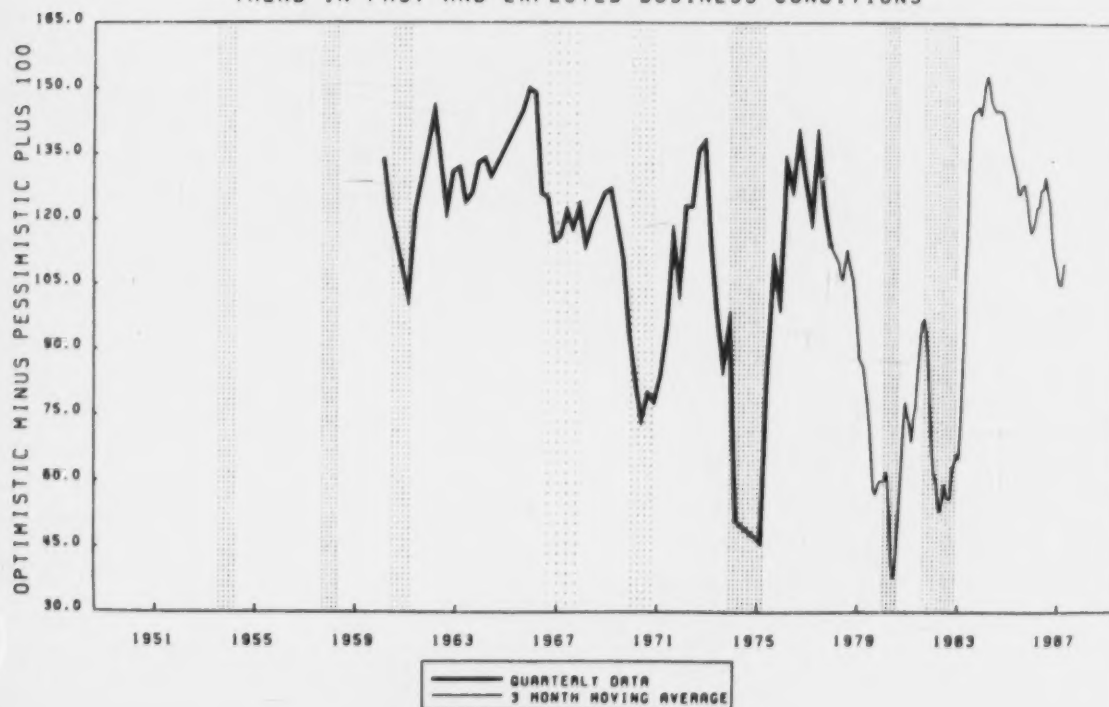


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987
TREND:													
Continuous increase (a)	20%	23%	19%	18%	16%	17%	15%	13%	12%	12%	15%	14%	13%
Intermittant increase (b)	32	35	33	41	36	29	29	31	30	27	27	32	32
Remain unchanged (c)	7	7	8	5	10	10	8	10	10	10	10	7	11
Intermittant decline (d)	18	14	20	17	18	20	22	21	23	23	24	21	23
Continuous decline (e)	10	10	8	10	9	12	12	10	11	17	11	15	10
Mixed change (f)	10	8	9	7	8	9	10	11	11	7	10	9	7
DK,NA	3	3	3	2	3	3	4	4	3	4	3	2	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	658	655	658	665	653	659	651	656	653	655	657	652

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
 (b) Better/Same or Same/Better
 (c) Same/Same
 (d) Worse/Same or Same/Worse
 (e) Worse/Worse
 (f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS



CHART 15 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

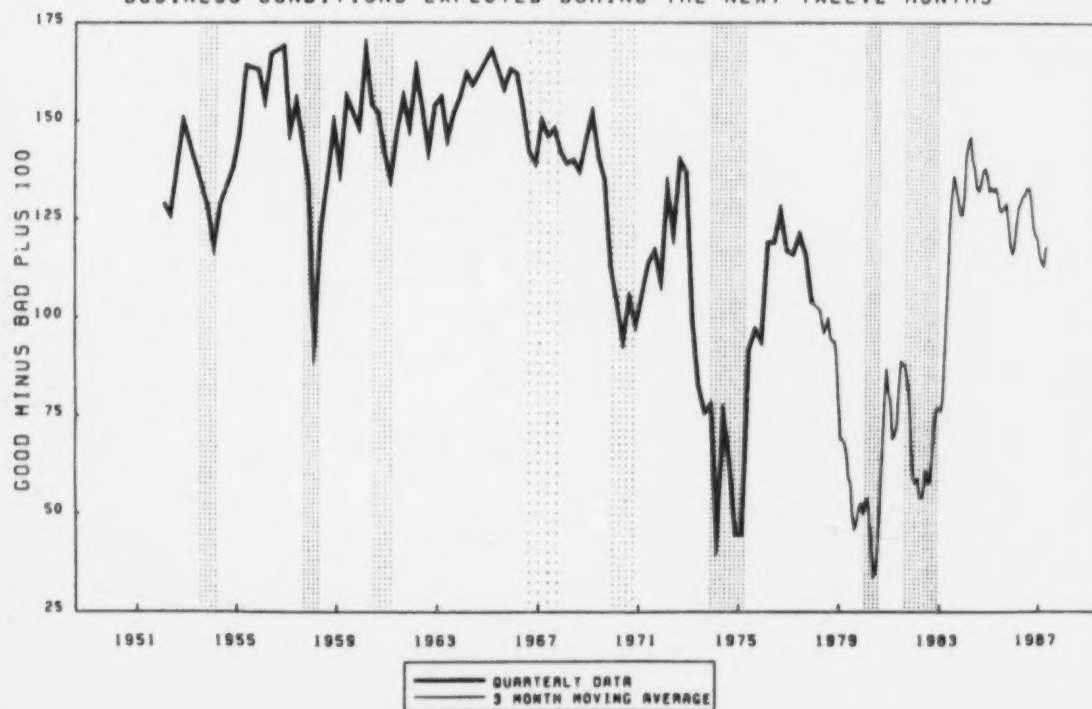


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987
GOOD TIMES	58%	61%	60%	62%	61%	55%	50%	55%	53%	45%	53%	53%	55%
UNCERTAIN; GOOD & BAD	3	2	2	2	3	4	3	3	3	2	3	1	2
BAD TIMES	29	28	29	26	30	32	35	31	33	41	36	36	34
DON'T KNOW	7	6	5	6	4	5	8	4	5	5	4	5	5
NOT ASCERTAINED	3	3	4	4	2	4	4	7	6	7	4	5	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	658	655	658	665	653	659	651	656	653	655	657	652

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS



CHART 16 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

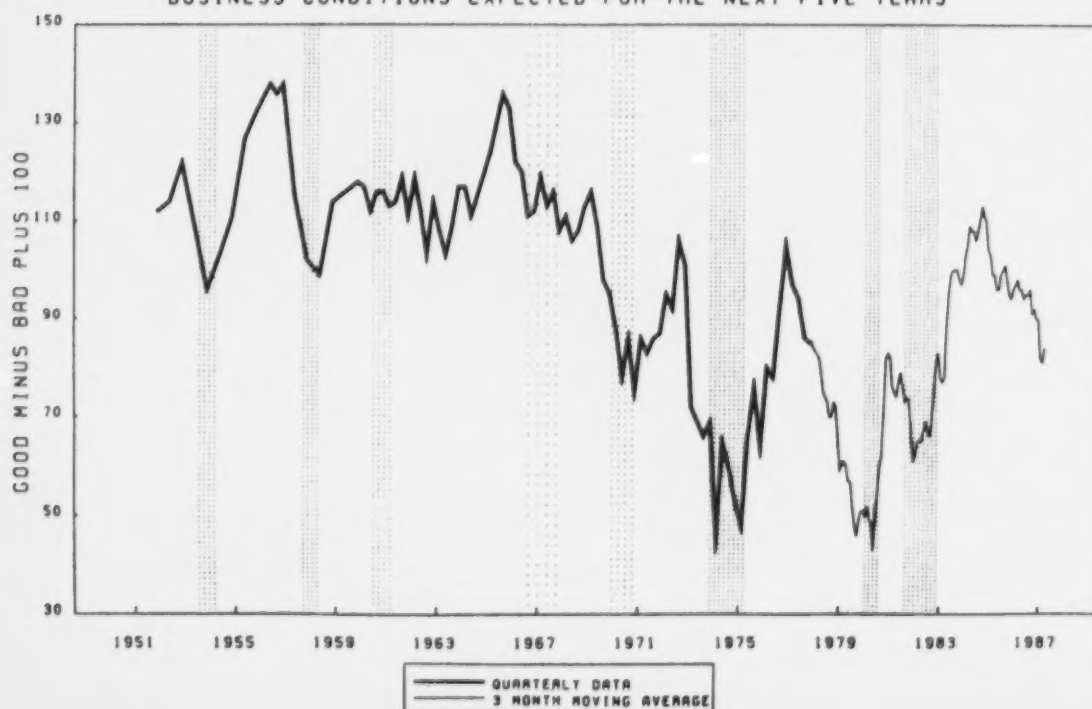


TABLE 16

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987
GOOD TIMES	39%	36%	37%	40%	38%	39%	33%	41%	35%	33%	30%	34%	39%
UNCERTAIN; GOOD & BAD	13	18	14	14	13	10	11	13	14	13	13	12	10
BAD TIMES	43	42	45	40	44	45	49	42	48	50	53	50	47
NOT ASCERTAINED	5	4	4	6	5	6	7	4	3	4	4	4	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	658	655	658	665	653	659	651	656	653	655	657	652

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

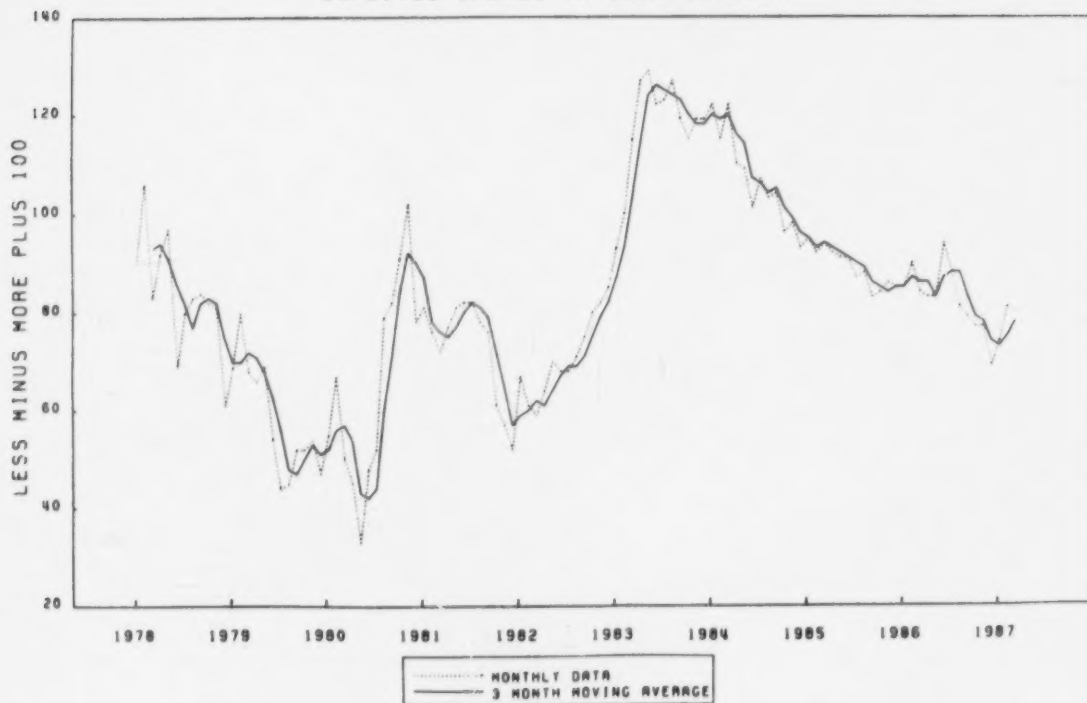


CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

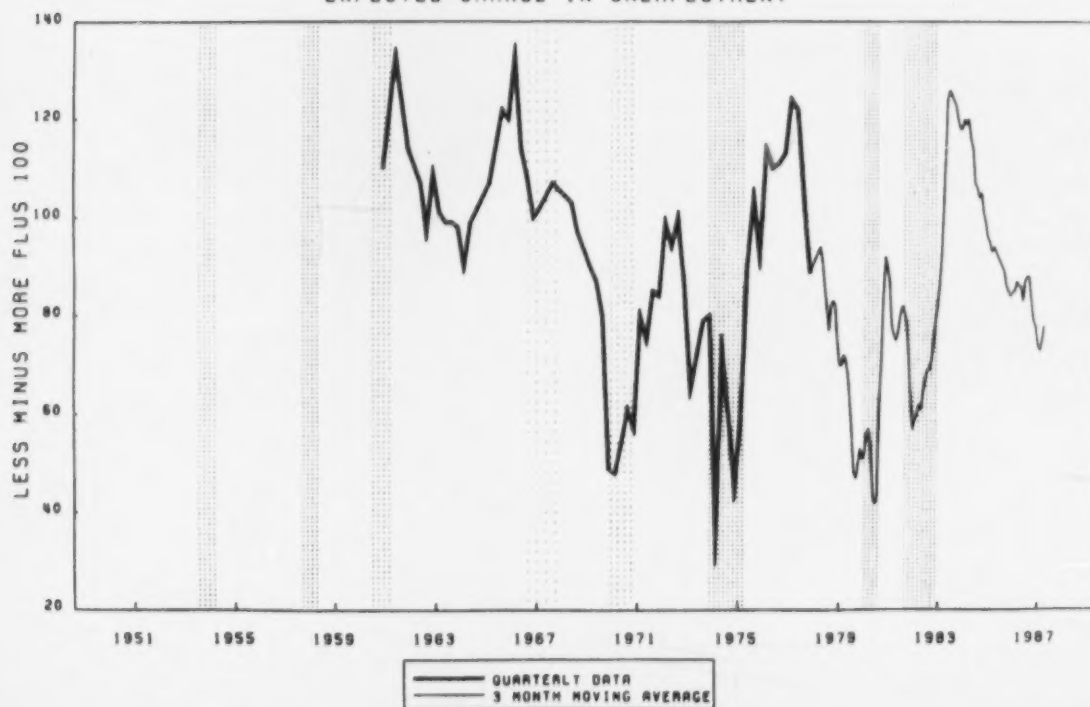


TABLE 17
EXPECTED CHANGE IN UNEMPLOYMENT

	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987
LESS	17%	15%	14%	20%	15%	13%	11%	10%	11%	11%	12%	14%	15%
SAME	48	51	54	53	56	54	54	55	54	46	49	52	48
MORE	33	32	31	26	27	32	32	33	34	42	38	33	35
DK,NA	2	2	1	1	2	1	3	2	1	1	1	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	658	655	658	665	653	659	651	656	653	655	657	652

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

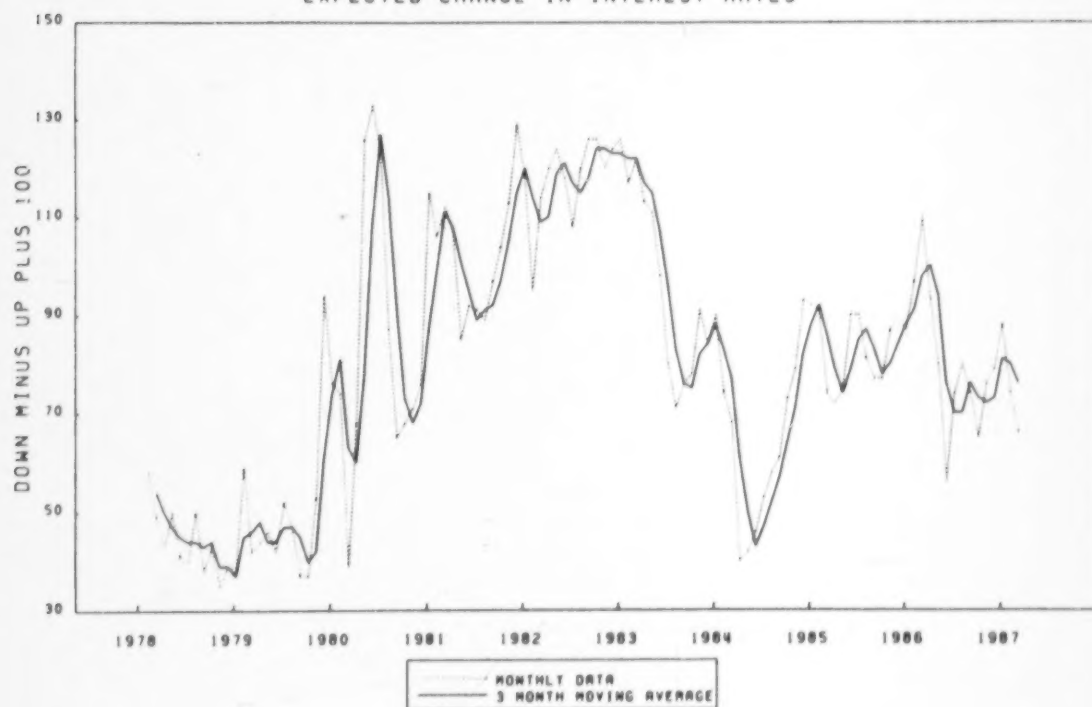


CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

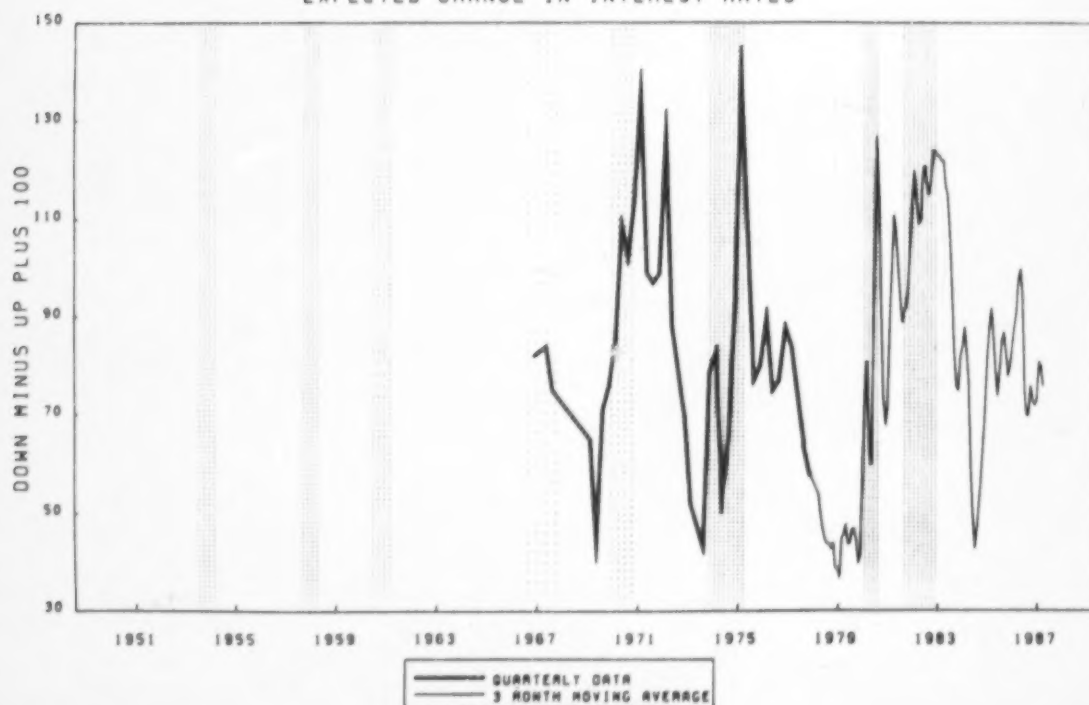


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987
GO UP	26%	35%	41%	54%	45%	42%	49%	50%	43%	41%	37%	43%	49%
STAY THE SAME	35	34	35	34	35	34	26	33	37	37	35	38	33
GO DOWN	36	28	21	10	19	22	23	15	19	20	25	17	15
DK,NA	3	3	3	2	1	2	2	2	1	2	3	2	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	658	655	658	665	653	659	651	656	653	655	657	652

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS



CHART 19 - HISTORICAL SERIES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

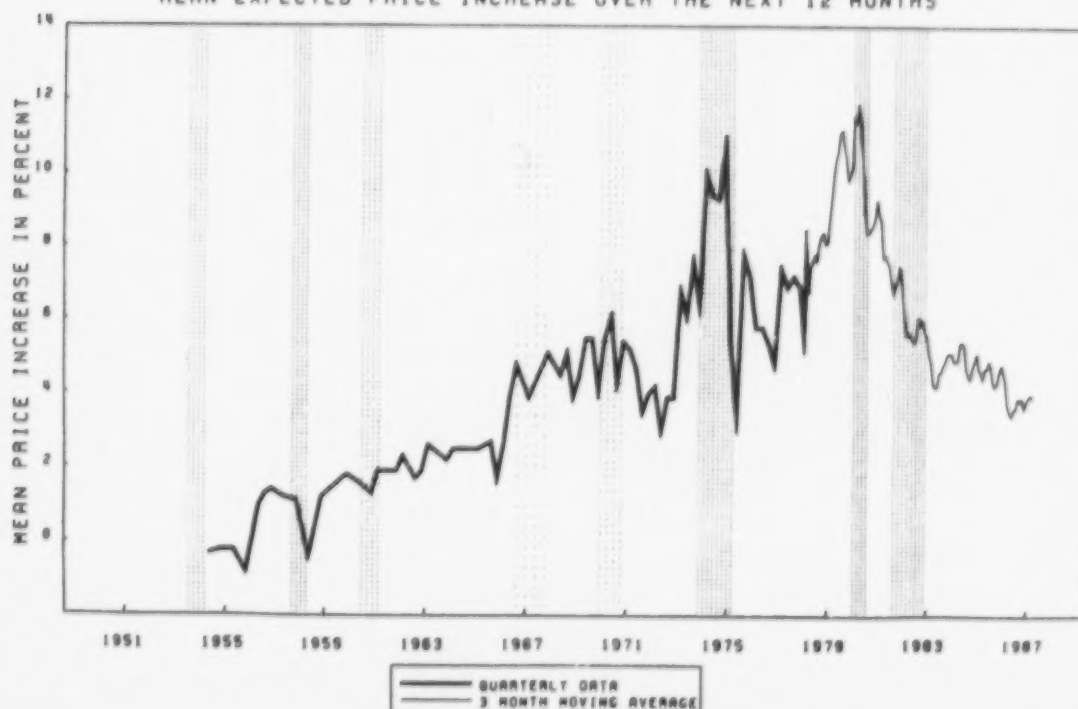


TABLE 19
EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987
SAME OR DOWN	36%	35%	31%	22%	29%	21%	23%	22%	22%	20%	20%	21%	21%
WILL GO UP BY:													
1-2%	13	15	13	20	13	18	18	17	19	18	18	17	19
3-4%	16	18	22	20	23	24	23	19	25	23	24	21	21
5%	15	11	14	16	16	14	16	21	15	17	14	18	18
6-9%	4	5	5	6	5	7	5	5	6	7	6	5	6
10-14%	6	7	6	6	5	8	5	8	7	6	7	9	5
15% or more	3	4	3	4	4	4	3	2	2	4	4	4	3
DK how much up	6	4	4	5	4	4	6	5	3	4	6	5	6
DK,NA	1	1	2	1	1	*	1	1	1	1	1	*	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	3.2	3.6	3.4	3.8	3.7	4.3	3.5	3.8	3.6	4.1	3.9	4.1	3.6
VARIANCE	39	42	27	23	32	38	18	17	28	32	25	26	18
CASES	658	658	655	658	665	653	659	651	656	653	655	657	652

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 20 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

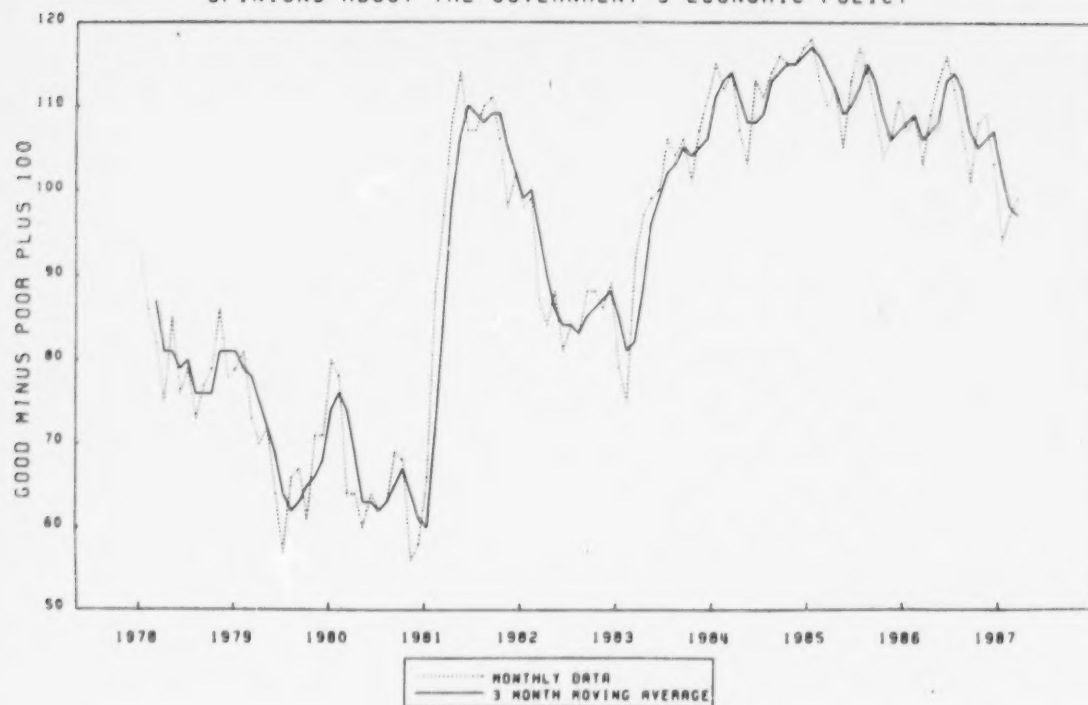


CHART 20 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

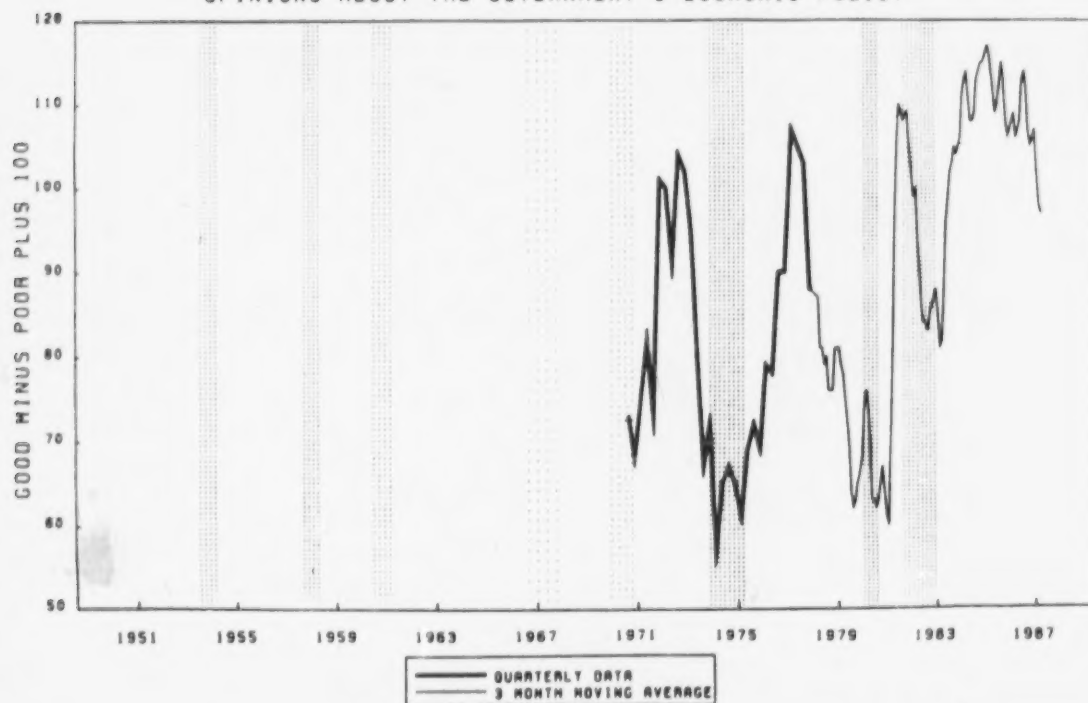


TABLE 20

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987
A GOOD JOB	25%	29%	30%	33%	29%	28%	22%	27%	28%	26%	20%	23%	23%
ONLY FAIR	51	50	49	49	52	50	54	52	51	49	52	49	52
A POOR JOB	22	20	17	17	17	21	21	19	19	23	26	26	24
DK,NA	2	1	4	1	2	1	3	2	2	2	2	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	658	655	658	665	653	659	651	656	653	655	657	652

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

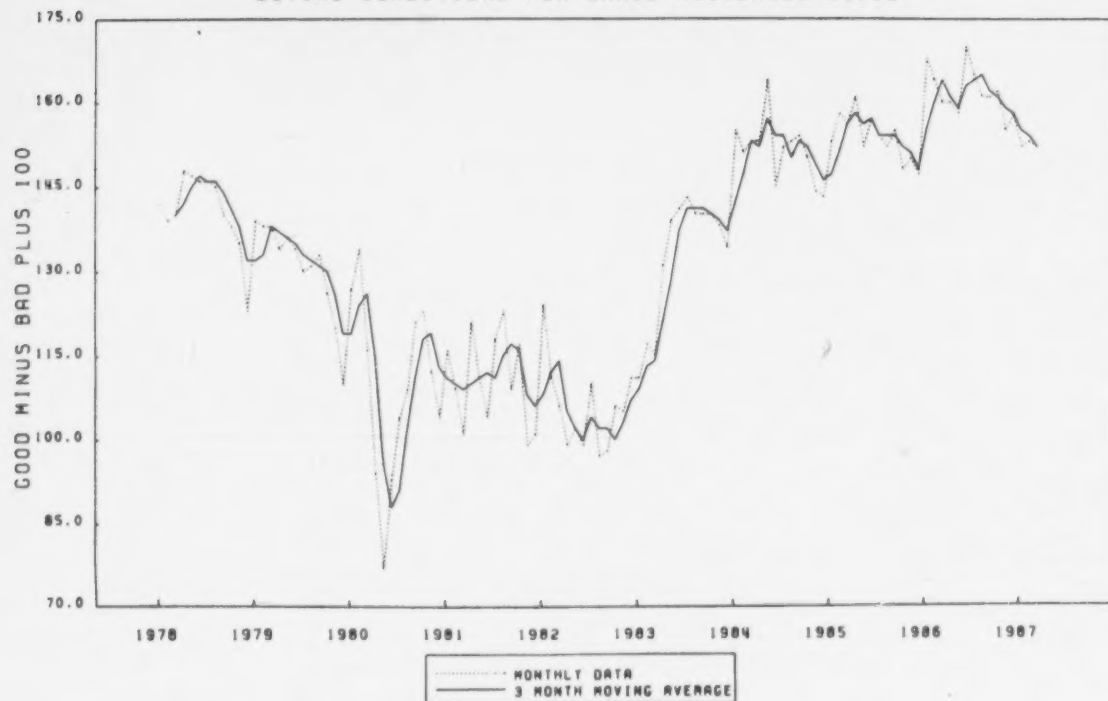


CHART 21 - HISTORICAL SERIES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

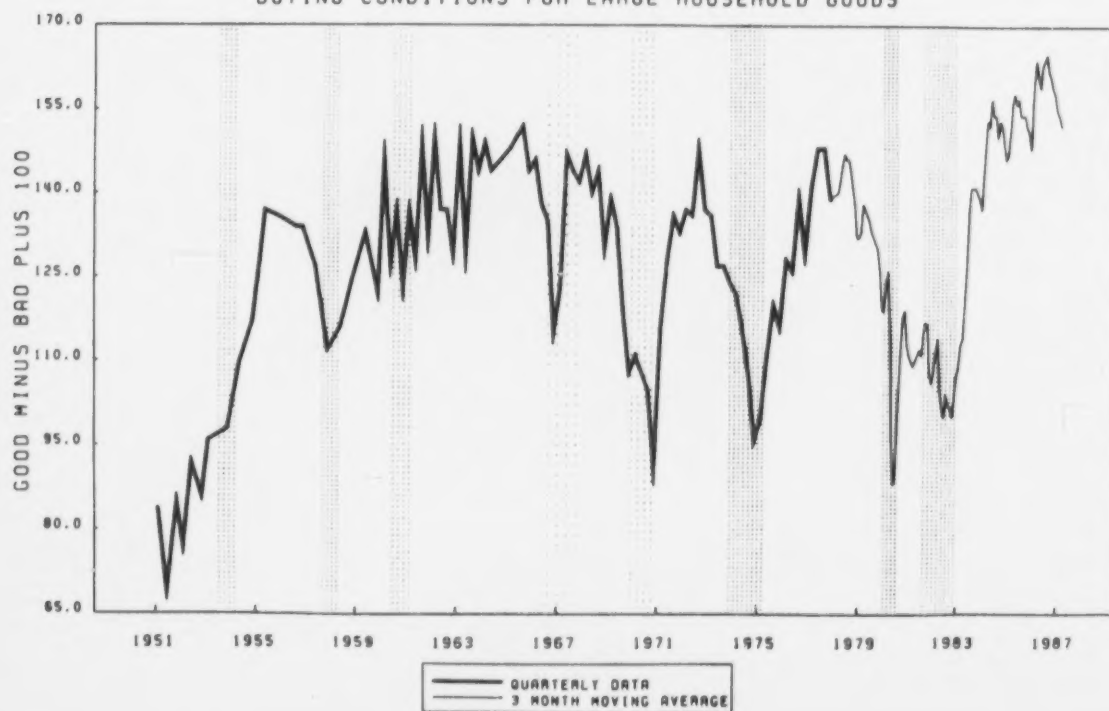


TABLE 21

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987
GOOD TIME TO BUY	75%	75%	75%	81%	79%	77%	76%	76%	72%	75%	72%	73%	71%
UNCERTAIN, DEPENDS	10	10	8	8	7	7	9	10	11	8	8	7	10
BAD TIME TO BUY	15	15	17	11	14	16	15	14	17	17	20	20	19
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	658	655	658	665	653	659	651	656	653	655	657	652

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

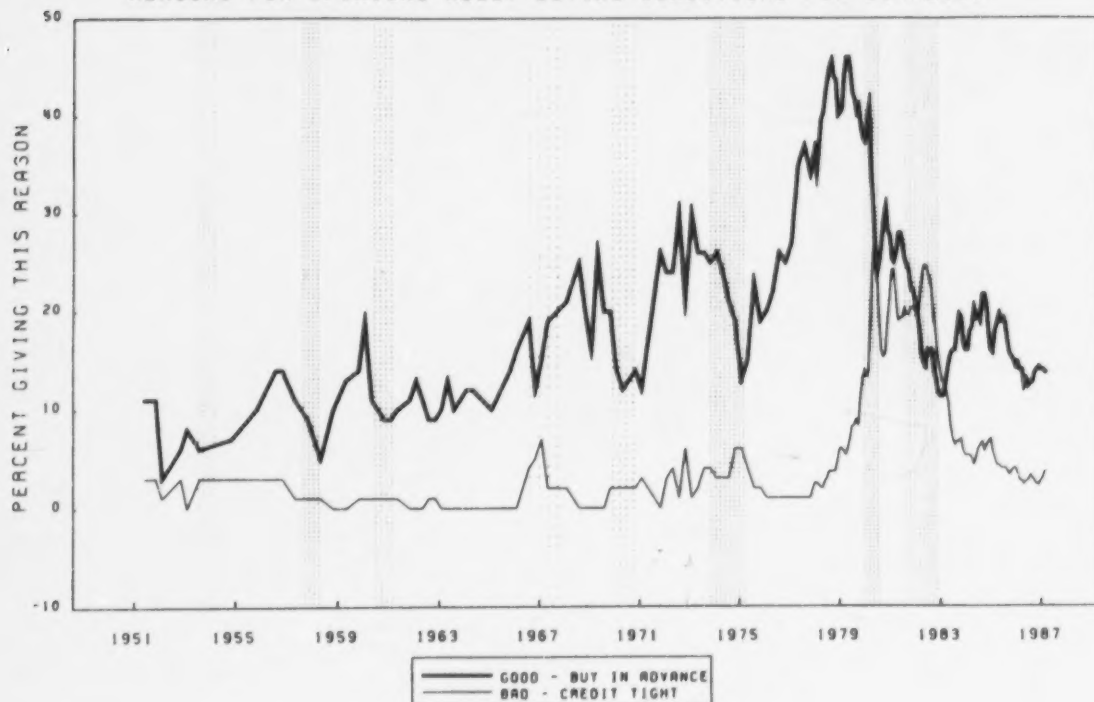


CHART 22B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

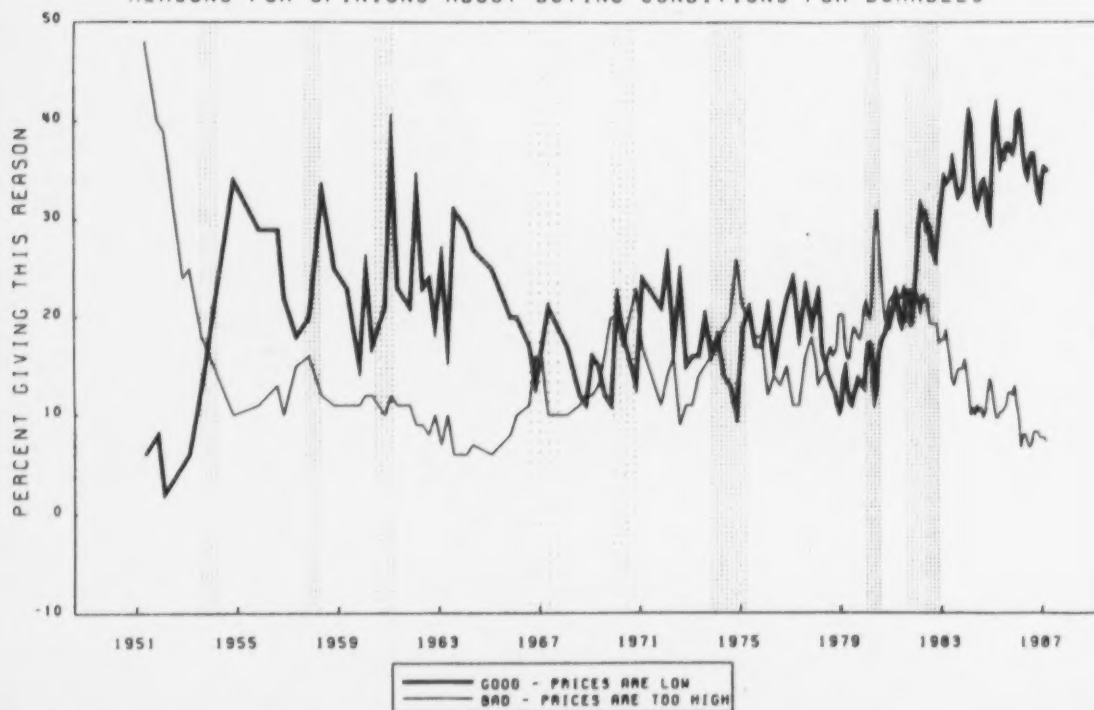


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	37%	35%	33%	35%	40%	35%	35%	33%	30%	33%	40%	33%	32%
Prices won't come down; are going higher	12	13	12	14	11	13	14	14	14	15	13	14	14
Interest rates low; credit is easy	21	29	31	31	26	26	29	26	25	18	20	21	23
BAD TIME TO BUY:													
Prices are high	8	9	7	6	7	8	10	7	8	8	7	8	7
Interest rates are high; credit is tight	2	3	2	3	3	4	2	2	3	2	3	4	4
Lack of purchasing power	8	7	9	5	6	7	8	7	8	6	8	7	8

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

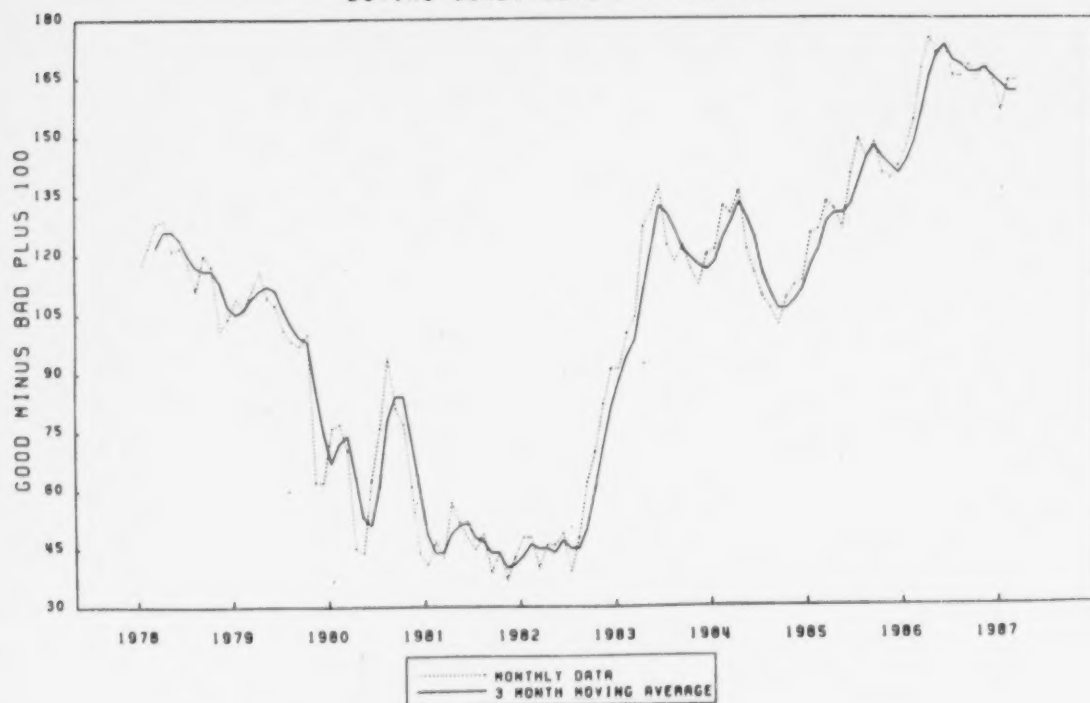


CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

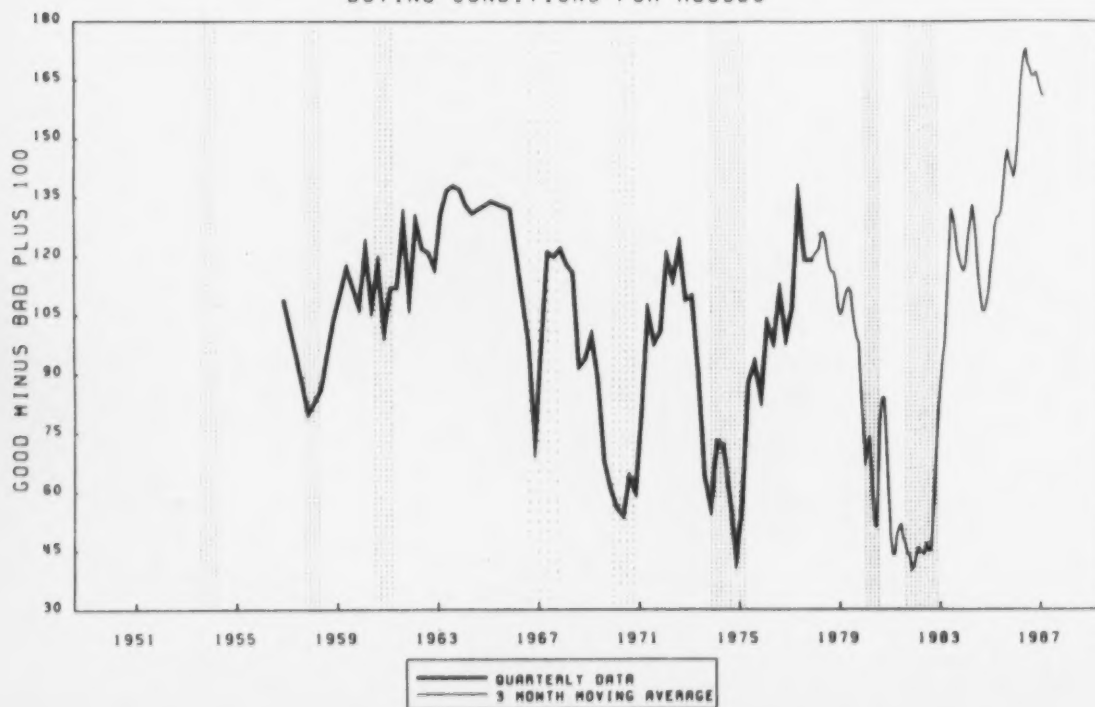


TABLE 23
BUYING CONDITIONS FOR HOUSES

	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987
GOOD TIME TO BUY	82%	86%	83%	86%	82%	81%	83%	81%	83%	80%	76%	81%	80%
UNCERTAIN, DEPENDS	3	3	4	1	1	3	2	2	2	4	4	2	4
BAD TIME TO BUY	15	11	13	13	17	16	15	17	15	16	20	17	16
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	658	655	658	665	653	659	651	656	653	655	657	652

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

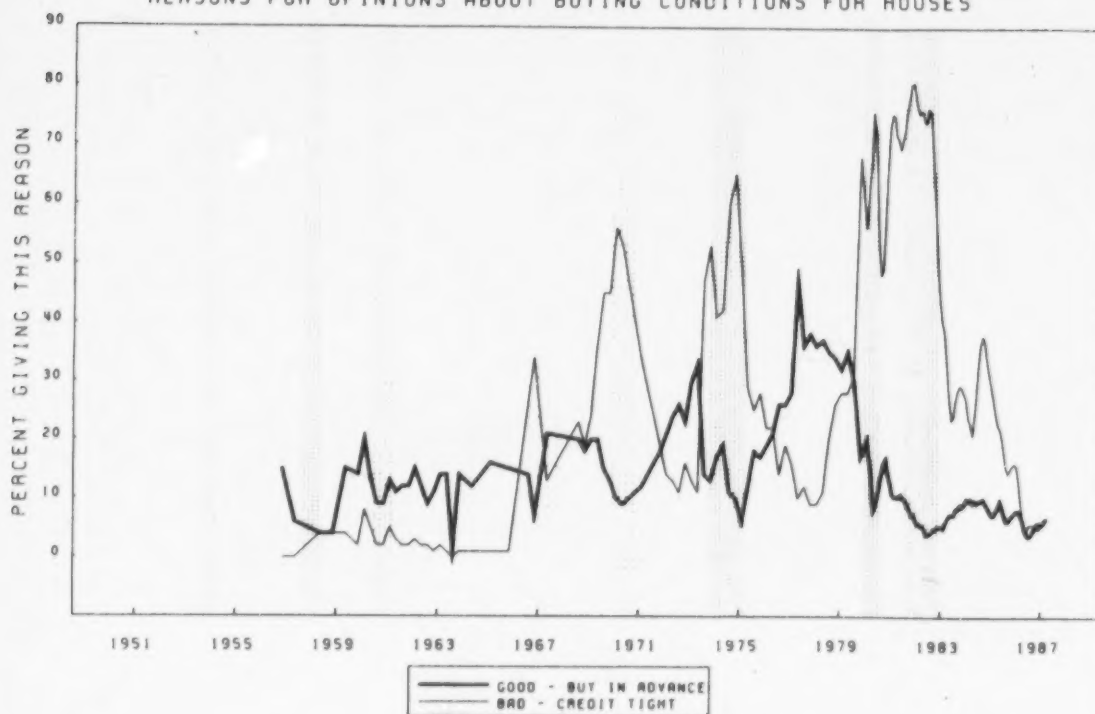


CHART 24B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

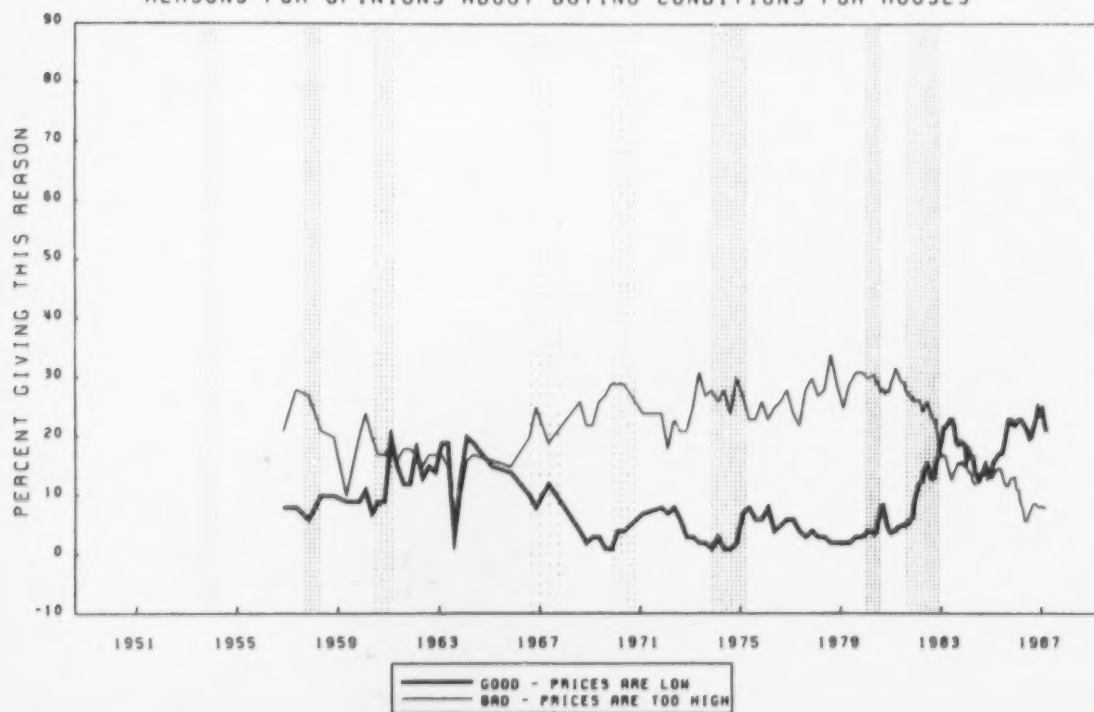


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	23%	22%	20%	21%	18%	21%	26%	22%	27%	23%	24%	21%	19%
Prices won't come down; are going higher	6	5	3	4	4	4	6	6	6	6	5	7	8
Interest rates low; credit is easy	76	83	80	83	77	78	79	75	75	73	69	74	71
Good investment	5	3	3	3	5	3	5	6	5	6	6	3	6
BAD TIME TO BUY:													
Prices are high	6	5	6	6	9	8	9	9	7	8	10	6	8
Interest rates are high; credit is tight	5	4	5	5	7	5	5	5	5	5	7	6	6
Lack of purchasing power	8	6	6	6	7	8	6	8	8	7	9	8	6

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

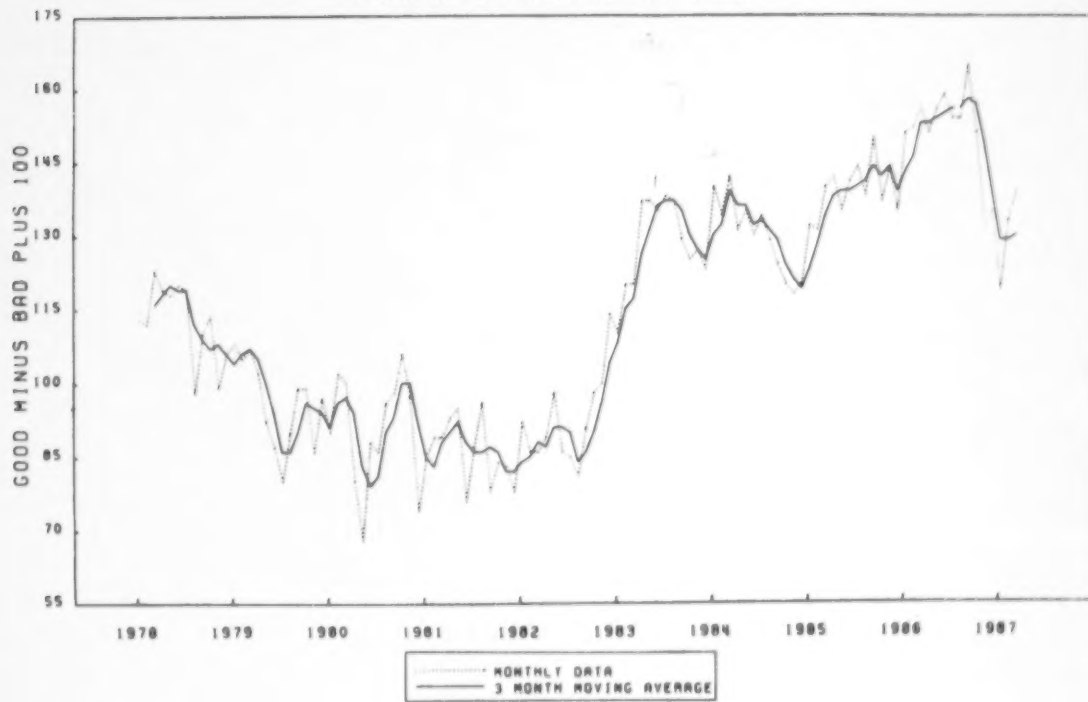


CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

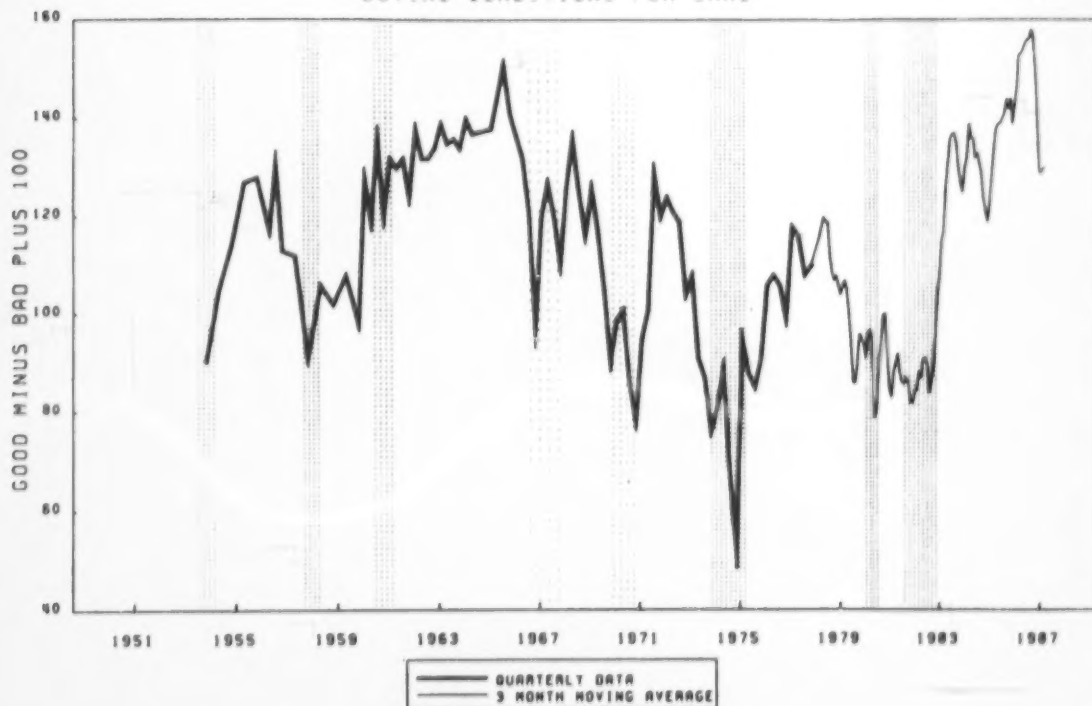


TABLE 25
BUYING CONDITIONS FOR CARS

	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987
GOOD TIME TO BUY	74%	73%	75%	77%	74%	73%	81%	72%	63%	64%	55%	62%	66%
UNCERTAIN; DEPENDS	8	5	6	5	6	8	3	7	6	7	9	9	7
BAD TIME TO BUY	18	22	19	18	20	19	16	21	31	29	36	29	27
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	658	655	658	665	653	659	651	656	653	655	657	652

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

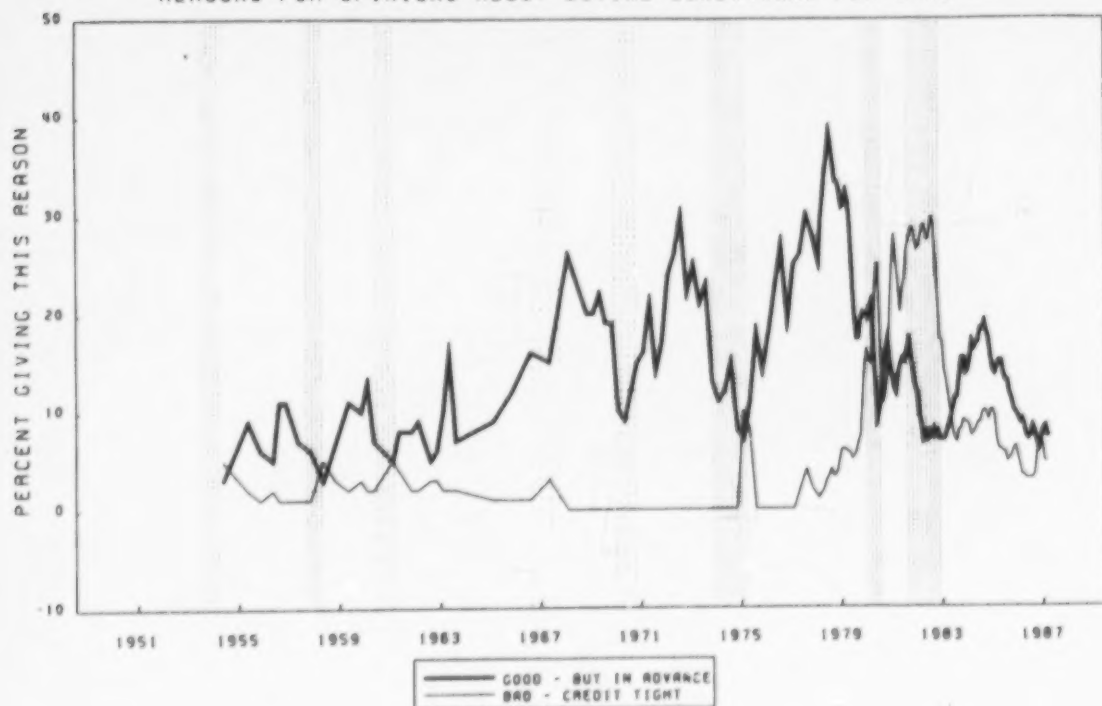


CHART 26B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

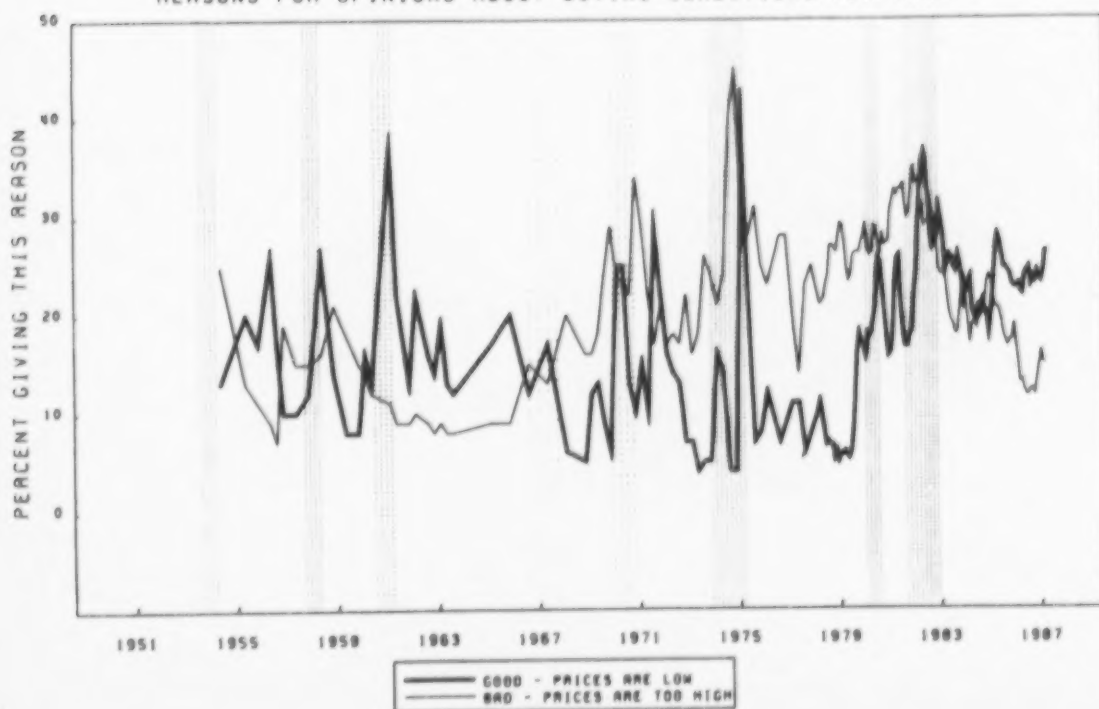


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	22%	22%	28%	23%	23%	23%	25%	22%	26%	23%	21%	29%	29%
Prices won't come down; are going higher	9	7	6	8	8	9	6	5	7	9	8	8	6
Interest rates low; credit is easy	54	54	58	62	53	52	73	58	43	45	34	38	44
New fuel efficient models	*	1	*	*	1	*	*	*	*	*	1	*	*
BAD TIME TO BUY:													
Prices are high	13	14	10	11	14	12	11	12	17	15	17	13	15
Interest rates are high; credit is tight	3	3	3	3	3	3	4	8	9	4	6	4	4
Lack of purchasing power	4	6	6	4	5	5	2	2	4	4	6	6	5
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	3	2	2	2	3	1	1	1	2	2	2	2	2

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

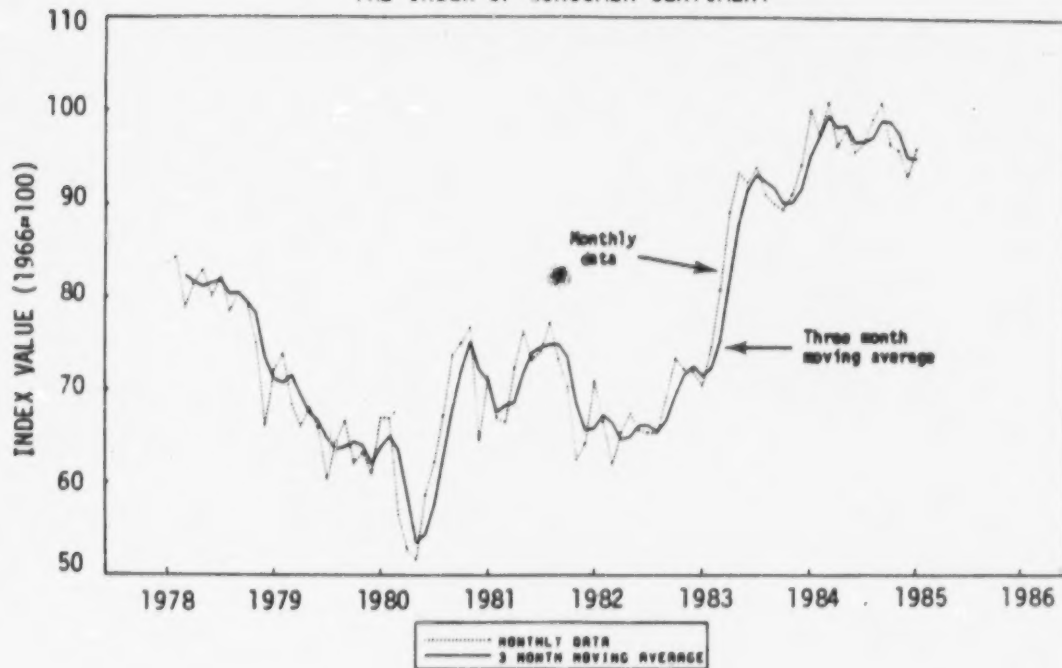
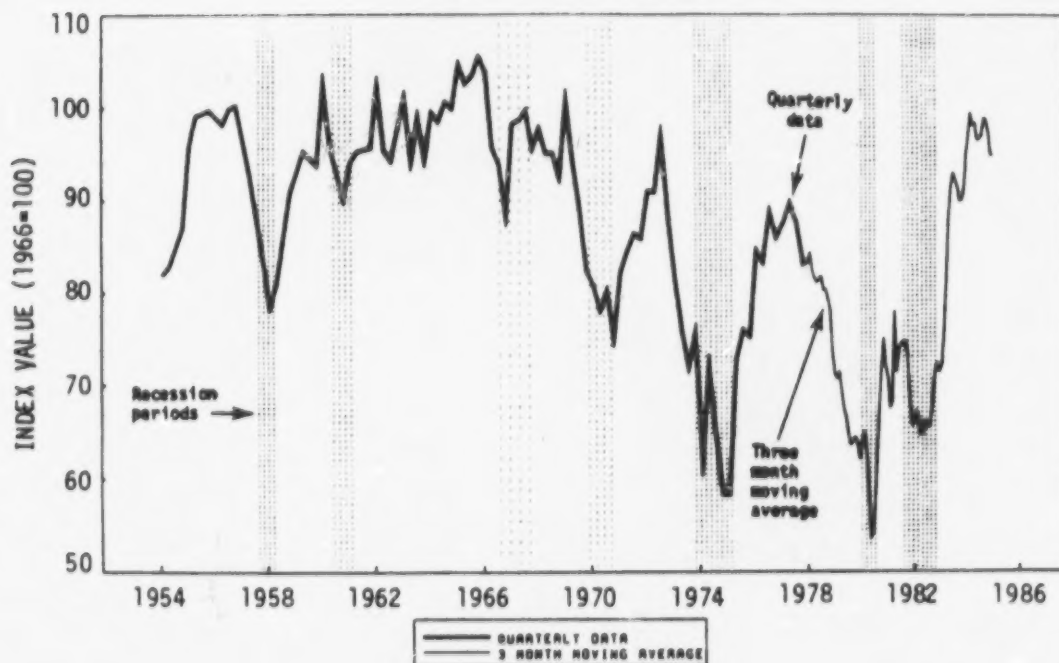


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

- QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.
- MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.
- THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES:	November 1948	-	October 1949
	July 1953	-	May 1954
	August 1957	-	April 1958
	April 1960	-	February 1961
	June 1966	-	November 1967*
	December 1969	-	November 1970
	November 1973	-	March 1975
	January 1980	-	July 1980
	July 1981	-	November 1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS^a OF SURVEY FINDINGS
(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	<u>700^b</u>	<u>1,400^c</u>	<u>2,100^d</u>
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

^aThe figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

^bAverage size of monthly surveys.

^cAverage size of two monthly surveys.

^dAverage size of three monthly surveys (one quarter).



April 7, 1987

MARCH 1987 MONTHLY REPORT
Monitoring Economic Change Program

Surveys of Consumer Attitudes • Economic Outlook USA

**OVERALL SENTIMENT MAINTAINED
DESPITE DIVERGENT TRENDS**

- In the March 1987 survey, the Index of Consumer Sentiment was 90.8, barely above the 90.2 recorded one month earlier, but below the 95.1 recorded one year earlier. In the three years since the cyclical peak of 101.0 was recorded in the March 1984 survey, the Index has moved in a narrow zig-zag pattern, nearly regaining the 1984 peak as recently as mid 1986 (99.3). The overall maintenance of consumer sentiment at high levels, however, has masked divergent underlying trends, both in the components of consumer sentiment as well as across various population subgroups.
- At the present time, consumers hold relatively pessimistic views on prospects for domestic business conditions, but continue to hold very favorable views of buying conditions for homes and durable goods. Importantly, personal financial evaluations have thus far remained favorable on balance, although little if any further improvement is expected.
- Among families with incomes of \$40,000 or more, the Index fell to 96.1 in the March 1987 survey from 103.6 one month earlier, and 110.2 one year earlier. This was the lowest Index reading for high income families since the peak of 118.3 was recorded in March 1984.
- Compared with the 1984 peak, most of the decline in sentiment has been recorded among residents of the North Central and Southern regions, while sentiment among residents of the Northeast has remained largely unchanged at very favorable levels. And proportionately more of the decline has been concentrated among respondents 35 to 54 years old. The extent of the decline, however, has thus far been modest, and overall sentiment remains favorable on balance in all major subgroups.

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These data indicate that sales rates of single family homes and vehicles in 1987 are likely to remain below the peak levels recorded in 1986. The pace and extent of the decline, however, can be expected to be modest. Lagging real income growth is the major constraint on more vigorous sales.

How will the international trade imbalances and policy responses affect consumer sentiment? While it is unlikely that international trade issues will become the focus of consumer concerns, sharp increase in import prices, either via exchange rates or import tariffs, will focus concerns on inflation. That imports have already hurt domestic production is clearly evident in consumers' assessments of the overall economy. But this has also meant that a buyer's market has been maintained, where consumers have come to expect sellers to offer price and interest rate discounts. And although employment and income gains have been small, so too have price increases. It has been this mixture of concerns and recognition of advantages that has maintained consumer sentiment at high levels during the past few years. The vulnerability of the current situation is also evident from this mixture: favorable evaluations of personal finances have become increasingly dependent on the maintenance of low inflation rates, since income gains are expected to be even smaller during the year ahead than last year. And favorable buying attitudes quickly fade in response to increases in interest rates.

Business Conditions

The proportion of families that thought business conditions had improved during the past year fell to 45 percent in the March 1987 survey, from the 1986 high of 61 percent, and the 1984 all-time peak of 75 percent. Only 27 percent of all respondents in the March 1987 survey reported that they had heard of any recent favorable developments in the economy, down sharply from the 46 percent recorded one year earlier. In contrast, about as many respondents reported hearing about unfavorable developments in the March surveys of both 1987 (48 percent) and 1986 (47 percent). The decline in favorable news was due to fewer references to interest rate reductions, falling from 15 to 4 percent, while references to layoffs and unemployment remained at high levels in both years (23 and 20 percent).

When asked about prospects for the overall economy during the year ahead, more consumers reported that they expected an unchanged economic performance in the March 1987 survey than any other time since the mid 1960s. Among all families, 61 percent expected the performance of the economy to remain unchanged during the year ahead. Fewer families expected improvement in the economy in 1987 than 1986 (22, down from 29 percent), and fewer families expected it to worsen (14, down from 16 percent). When asked to assess these prospects, the majority reported that this meant the continuation of good times financially in the economy as a whole during the year ahead—55 percent in March 1987, just under the 58 percent recorded one year earlier. The longer term outlook, however, was not expected to be as favorable. In the March 1987 survey, more families expected the onset of a recession sometime during the next five years than expected the expansion to continue uninterrupted, by the margin of 47 to 39 percent.

The principle concern in the near and longer terms involves job prospects. Although unemployment expectations have remained largely unchanged during the past year, they have been at relatively unfavorable levels. In the March 1987 survey, nearly half of all consumers expected the national unemployment rate to remain at about its current level

during the year ahead; on the margin, however, more than twice as many expected increases as expected declines (35 versus 15 percent).

Confidence in government economic policies to control inflation and unemployment remained at reduced levels in the March 1987 survey. About as many families gave favorable as unfavorable ratings (23 versus 24 percent), with the majority judging the performance of government economic policies only fair (52 percent). Assessments of economic policies have been less favorable in 1987 than anytime since the end of the last recession.

Personal Finances

Favorable assessments of their personal financial situation were given by 41 percent of all families in the March 1987 survey, down from 44 percent one year earlier. This small decline still leaves personal evaluations at relatively high levels. The small decline was due to less favorable income trends. When asked about their prospects for the year ahead, 33 percent of all families expected their financial situation to improve, compared with just 11 percent that expected a worsening financial situation. The majority of families in the March 1987 survey expected their own financial situation to remain largely unchanged during the year ahead (53 percent).

This outlook for little if any net change in their personal financial situation is based on the expectation of somewhat smaller income increases being offset by somewhat larger price increases. Among all families in the March 1987 survey, the median family income increase expected during the year ahead was about 2%, down from 3% one year earlier, while the median expected inflation rate rose to 3% from 2.5% one year earlier. This was the lowest nominal income increase expected since the start of the current expansion, and the least favorable outlook for real income growth.

Price expectations for the year ahead as well as for the next five years or so have declined substantially since reaching peaks levels in 1980. As shown in the chart below, in the second half of the 1970s when price expectations increased substantially, the expected

inflation rate for the year ahead was higher than the level it was expected to average over the longer term. In contrast, as price expectations have declined in the years since then, the year ahead rate has been consistently expected to be below the average rate over the longer term. This, of course, follows the usual divergence of marginal from average trends. It also indicates that consumers do not consider the problem of inflation resolved, only temporarily below its longer term trend. Initial declines in short term price expectations were matched by equally large declines in long term price expectations; later declines in the short term expectations were not translated into comparable declines in the longer term average.

Buying Conditions

Attitudes toward buying conditions for homes, household durables, and vehicles have all receded from the all-time peaks recorded in 1986. Changes in the availability of price and interest rate discounts continue to dominate these attitude trends. The largest decline was in favorable car buying attitudes, which fell from 81 percent in September 1986 to 55 percent in January 1987, in response to the end of deep discounts and the sales tax deductibility. Since the start of the year, renewed incentive programs have raised favorable car buying attitudes from 55 to 66 percent in the March 1987 survey.

Attitudes toward buying conditions for homes declined the least compared with their prior peak, moving to 80 percent in March 1987 from the peak of 86 percent in April 1986. Even after this small decline, home buying conditions were viewed more favorably in the March 1987 survey than in any survey conducted prior to 1986. Declines in mortgage interest rates have been the dominant reason given by respondents for these very favorable views, cited by 71 percent in March 1987, down from the peak of 83 percent in April 1986. More families continue to mention the availability of good buys than complain about high home prices, but the margin has narrowed during the past year—from 18 to 13 percent.

Favorable attitudes toward buying conditions for large household durables slid to 71 percent in March 1987, from the all-time peak of 81 percent in June 1986. This modest decline still leaves these buying attitudes at levels comparable to the mid 1970s peak. When asked to explain their views, respondents referred to the availability of discounted prices, cited by 32 percent in the March 1987 survey, down from 40 percent in mid 1986. Importantly, no increase was recorded in the proportion of families that complained about high prices for household durables, which stood at 7 percent in the March 1987 survey. These perceptions may be particularly vulnerable to the widely publicized proposed import duties.

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The March 1987 survey was conducted between March 1 and March 27, and included 652 completed interviews.

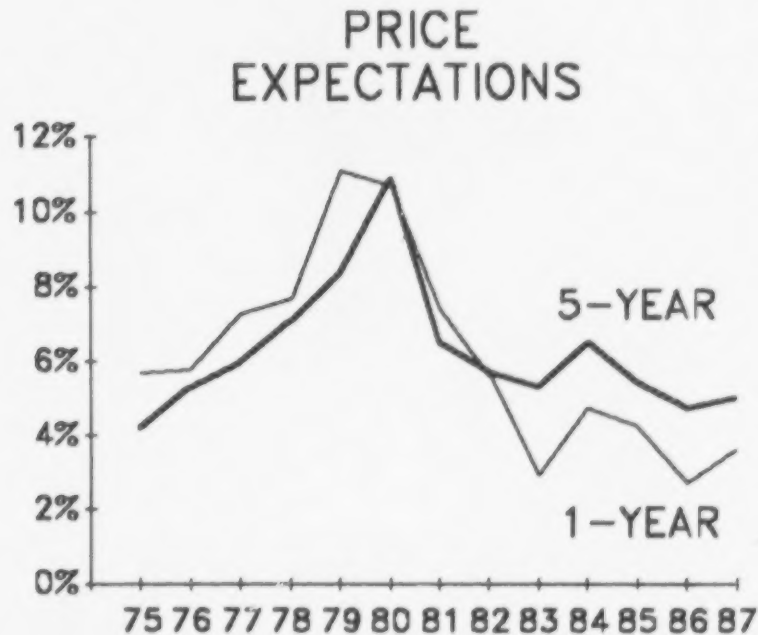


TABLE A
PRICE EXPECTATIONS

Survey Dates ^a	One-Year		5-Year	
	Mean	Median	Mean	Median
1975	5.7	4.0	4.2	2.9
1976	5.8	5.2	5.3	5.0
1977	7.3	5.5	6.0	5.0
1978	7.7	6.7	NA	NA
1979	11.1	9.6	8.4	7.5
1980	10.7	9.9	10.9	9.7
1981	7.4	6.8	6.5	6.0
1982	5.6	4.4	5.7	5.1
1983	2.9	1.9	5.3	4.9
1984	4.7	3.5	6.5	5.0
1985	4.2	3.1	5.4	4.7
1986	2.7	2.5	4.7	4.2
1987	3.6	3.1	5.0	4.5

^aData from February surveys for 1975-80, and from March surveys for 1981-87.

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?"

"By about what percent do you expect prices to go (up/down) on the average, during the next 12 months?"

"What about the outlook for prices over the next 5 to 10 years? Do you think prices will be higher, about the same, or lower 5 to 10 years from now?"

"By about what percent per year do you expect prices to go (up/down) on the average, during the next 5 to 10 years?"

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SURVEYS OF CONSUMER ATTITUDES



Institute for Social Research



Monitoring Economic Change Program

Surveys of Consumer Attitudes • Economic Outlook USA

OVERALL SENTIMENT MAINTAINED AMID RISING CONCERNS

- In the April 1987 survey, the Index of Consumer Sentiment was 92.8, two Index-points above the figures recorded in the first three months of this year, but 3.4 Index-points below the level recorded one year ago. Overall, consumer sentiment, even if diminished from the recent cyclical peaks, has remained at very positive levels for a record period of time. To be sure, consumers do not expect anything better than continued sluggish growth in the domestic economy. But few expect a recession. While many consumers emphasized their concerns with unemployment, slow domestic growth was also expected to promote the continued availability of purchase discounts. Due to the continued availability of price and interest rate discounts, buying attitudes have been maintained at very favorable levels, and have acted to offset overall declines in sentiment. In addition, while families expected only small increases, if any, in real incomes during the year ahead, few families expected their financial situation to worsen.
- The strength of the current mixture of attitudes and expectations is that it has thus far proved more resistant to volatile responses to economic news than was true during the 1970s. More importantly, the increased emphasis on timing major purchases to the availability of price and interest rate discounts acts to dampen swings in demand (both improvements and declines). Price and interest rate increases will be met with postponement of purchases, as consumers await renewed discounting, rather than advance buying as was true with escalating inflation in the 1970s. And consumers' willingness to wait has only increased as the expansion has lengthened, and their stocks of goods as well as of debts have increased.
- The prospective weaknesses are the current areas of strength: inflation and interest rates. Significant increases in either of these areas would turn marginal improvements in real incomes into declines, and sour favorable buying attitudes. At issue is not whether, but how much, and for how long these rates will increase. Currently, there is little evidence that consumers expect a sustained resurgence in inflation and interest rates such as occurred during the past. Wage demands are thus likely to respond more slowly to rising price expectations, and rising market prices are more likely to be resisted rather than validated by stepped up purchases. The responses of the consumer sector are thus likely to limit the ability of moderately rising rates to generate and reinforce a sustained period of increases. Small increases of limited duration in interest and inflation rates will be countered by shifting the timing of purchases, rather than abandoning purchase plans in the expectation of a recession. This is a reaction that allows sellers to use purchase incentive programs to reduce the variations in sales due to short term changes in rates.
- The result is that the outlook for consumer demand is more of the same—an outlook that is only favorable when compared to the alternative. The budget and trade deficits have yet to be viewed by consumers as a significant threat to short term developments in the economy. However, a sustained period of sharp increases in inflation and interest rates, resulting from changes in the international markets (and government policy responses), could provide the basis for a recession, as consumers wait for discounts that never materialize, and inflation expectations and wage demands rise as real incomes decline. The risk of such developments, while not small enough to be dismissed, is not very likely, as it would require sharp and escalating changes over a prolonged period of time.

Personal Finances Remain Positive

Consumers' evaluations of their own financial situation remained at favorable levels in the most recent survey, largely unchanged from one year earlier. Among all families, 42 percent reported an improved financial situation in the April 1987 survey, between the 41 percent recorded one month earlier and the 45 percent recorded one year earlier. Twice as many families cited increases as declines in family incomes (34 versus 16 percent), and few consumers complained about eroding purchasing power due to inflation (11 percent)—all comparable to last April's figures. And consumers viewed their financial prospects for the year ahead in much the same way as a year earlier. While nearly half of families in the April 1987 survey did not expect any overall change in their financial situation during the year ahead (49 percent), among the balance of families, 37 percent expected improvement compared with just 10 percent that expected their finances to worsen. This favorable, but cautious outlook, has changed little during the past year, and is based on the expectation of little if any improvement in real incomes. In the April 1987 survey, the overall median income increase expected was 3.1%—the same as the median expected inflation rate for the year ahead. (Evaluated at the sample means, the expected income increase was higher than the increase expected in prices—4.6% versus 3.7%.)

Rising Concern with Interest Rates

News heard by consumers about recent economic developments is much less positive than a year ago, with greater concerns expressed over interest rate trends. Favorable news items were reported by 27 percent of all families in the April 1987 survey, about half the frequency recorded a year earlier (55 percent). Reports of unfavorable developments posted an increase during the past year, rising to 52 from 43 percent, as did the proportion of consumers that reported hearing of no new developments (46, up from 38 percent). Interest rates were expected to increase during the year ahead by 57 percent of all families in the April 1987 survey, up from 49 percent one month earlier, and 37

percent three months earlier. Since the start of the year, the proportion that expected interest rate declines fell to 11 from 25 percent.

Although nearly as many consumers expected the economy to improve as to worsen during the year ahead (21 versus 18 percent), the majority expected the performance of the economy to remain largely unchanged in the April 1987 survey (60 percent). When asked to evaluate these prospects, 51 percent of all families thought that this would mean the continuation of good times financially in the economy as a whole during the upcoming year. While there has been little change in consumers' evaluations of the short term outlook, prospects for the economy over the longer term have improved. In the April 1987 survey, 41 percent of all families expected good times financially over the next five years, up from 30 percent in January. Despite this improvement, more families still expected a renewed recession during the next five years than continuous good times (44 percent in April, down from 53 percent in January).

Buying Attitudes Reflect Rising Rates

Favorable attitudes toward buying conditions for large household durables were held by 74 percent of all families in the April 1987 survey, between the 71 percent recorded one month earlier, and the 75 percent recorded one year earlier. Although the availability of price discounts remained the primary reason given by consumers for these very favorable attitudes, the April 1987 survey recorded an increase in references to buying-in-advance of rising prices (rising to 20 from 14 percent in March), reflecting concerns about prices for imported household electronic goods. This response to rising prices is specific to this market, as buy-in-advance rationales have not increased in the other markets studied.

Attitudes toward buying conditions for homes remained at very favorable levels in the April 1987 survey, with 82 percent of all families holding favorable views, reflecting only a small decline from the all-time peak level of 86 percent recorded one year earlier. References to low mortgage interest rates remain the primary reason consumers give for

these very favorable attitudes. However, in the April survey, the proportion of families that mentioned the current availability of low mortgage rates fell to 60 from 66 percent one month earlier, while favorable references to borrowing-in-advance of rising interest rates rose to 11 from 5 percent (see Table 1 and Chart B).

The proportion of families holding favorable attitudes toward buying conditions for vehicles fell to 64 percent in April 1987, from 66 percent one month earlier, and 73 percent one year earlier. Although references to the availability of price discounts rose in frequency to 28 percent in April 1987 from 22 percent one year earlier, the frequency of favorable references to interest rates fell to 40 from 54 percent one year earlier (see Chart C).

The repeated and extensive use of discount programs has made the size of the discount, not simply its availability, the focal point of these programs. Discounts on interest rates offered on new vehicle purchases are currently judged by the deep discounts offered last fall. Only progressively larger discounts can sustain the impact. This comparison standard will change, however, when consumers expect interest rates to increase and remain high over an extended period. Although consumers now do expect interest rates to rise, the expected extent and the duration of the increases are not large enough to lead consumers to revise their standard for judging the available discounts. Such resistance to change, caused by habituation, is a characteristic of past cycles, where responses learned during periods of economic expansion are transformed only during subsequent periods of recession.

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The April 1987 survey included 652 completed interviews, conducted between April 1 and April 28, 1987.

TABLE 1

REFERENCES TO INTEREST RATES IN SUPPORT
OF FAVORABLE BUYING CONDITIONS

Survey Date	Durables		Houses ^a		Vehicles	
	Low Rates	BIA ^b Rates	Low Rates	BIA Rates	Low Rates	BIA Rates
January 1985	10%	1%	42%	7%	21%	2%
February 1985	9	2	42	8	23	1
March 1985	8	2	38	10	21	2
April 1985	10	3	34	13	22	3
May 1985	9	2	35	8	25	3
June 1985	11	2	50	6	32	3
July 1985	13	1	51	6	33	2
August 1985	15	*	54	4	35	1
September 1985	14	1	51	5	45	1
October 1985	14	1	48	7	40	1
November 1985	10	2	45	7	38	2
December 1985	11	1	47	6	35	2
January 1986	17	1	55	5	50	1
February 1986	18	2	60	4	51	2
March 1986	21	1	73	4	52	2
April 1986	27	2	78	5	52	2
May 1986	30	1	76	4	57	1
June 1986	30	1	78	5	59	3
July 1986	25	1	70	7	52	1
August 1986	25	1	73	5	51	1
September 1986	29	*	74	5	70	3
October 1986	24	2	69	6	55	3
November 1986	22	3	69	6	42	2
December 1986	17	1	68	5	43	2
January 1987	19	1	65	4	32	2
February 1987	20	1	68	6	36	2
March 1987	21	2	66	5	43	1
April 1987	18	3	60	11	37	4

^b Less than 0.5 percent.

^a Also includes homes, home repairs and real estate.

^b The proportions given above provide greater detail than is reported in the monthly tables (see Tables 22, 24 and 26). The figures above divide the total proportion of respondents that made favorable references to credit conditions into those respondents that referred to the current availability of low interest rates, and those that referred to borrowing-in-advance (BIA) of rising interest rates.

CHART A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

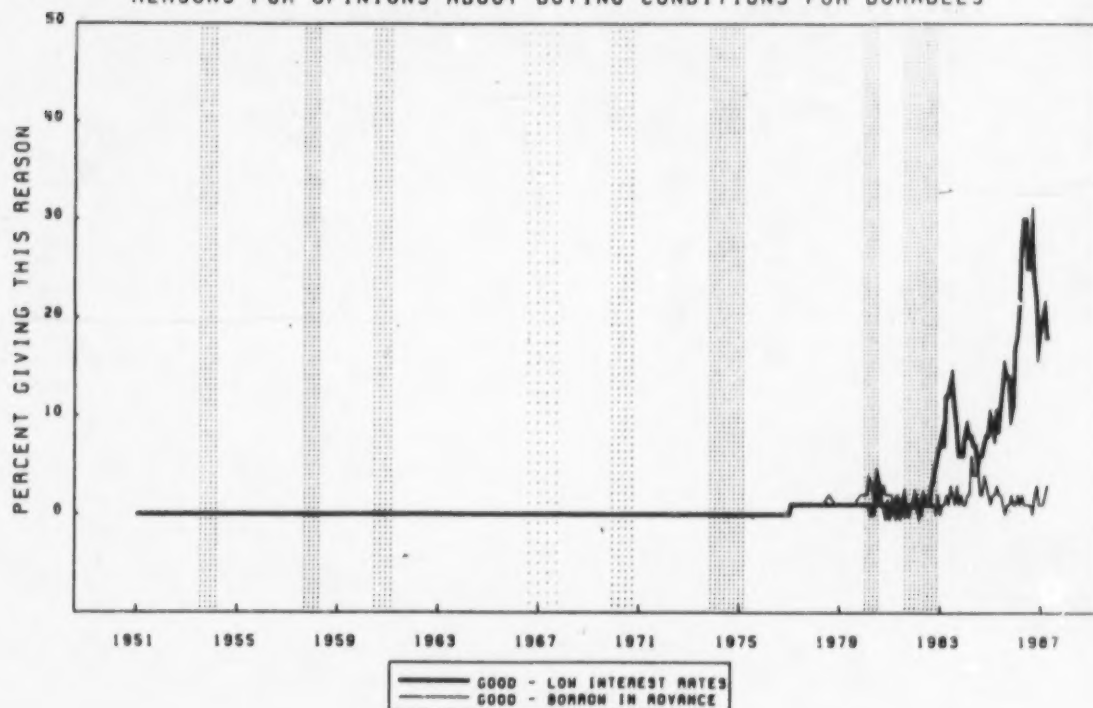


CHART B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

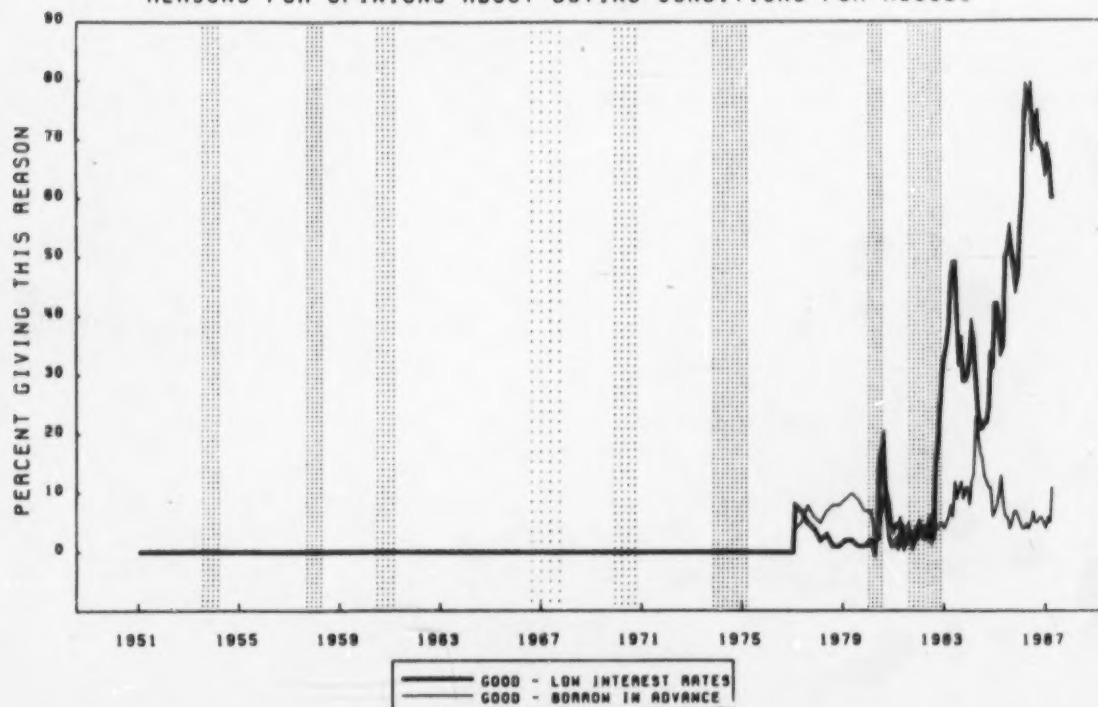
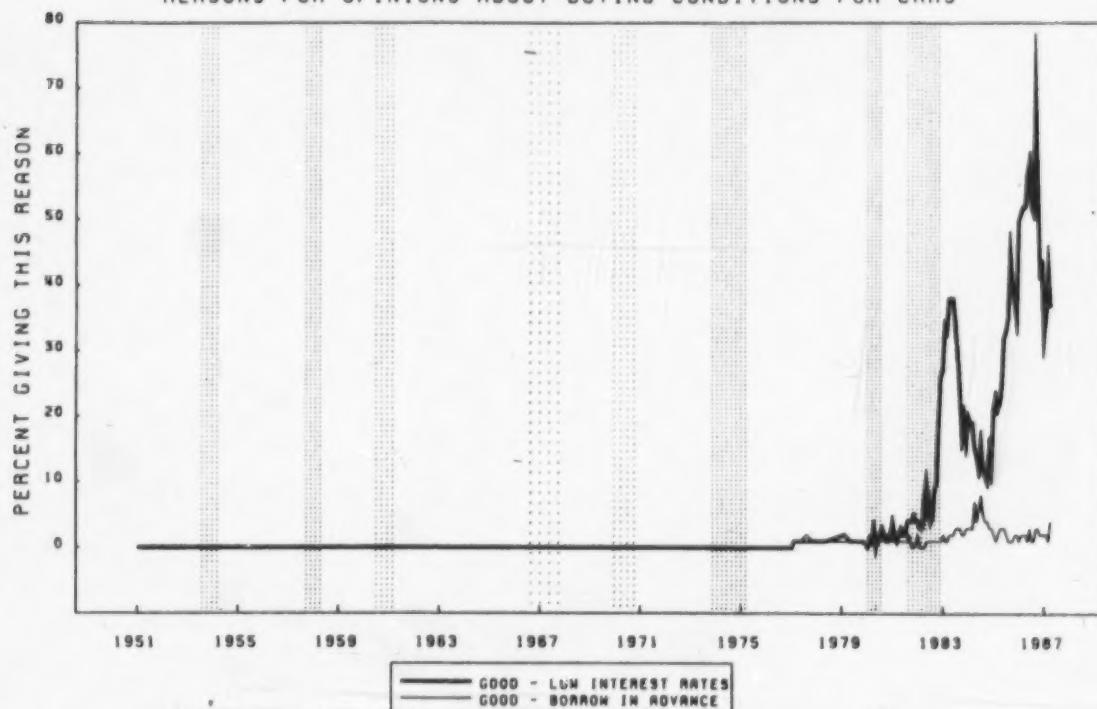


CHART C - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS



TABLES AND CHARTS

APRIL 1987

The April 1987 survey is the 225th in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

While every effort is made to accurately measure consumer attitudes and expectations, factors other than sampling may also affect the accuracy of these (and other) findings. These factors may include effects of the question wording, the ability of respondents to articulate answers and opinions, refusal to participate in the survey, and incomplete coverage of the population. There are no standard measures of these effects, but their presence should be acknowledged when using these and all other survey data. While measurement effects are present in all surveys, a noted advantage of time-series data is that the non-sampling influences remain relatively constant over samples.

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CHART 1 - RECENT CHANGES
— THE INDEX OF CONSUMER SENTIMENT



CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

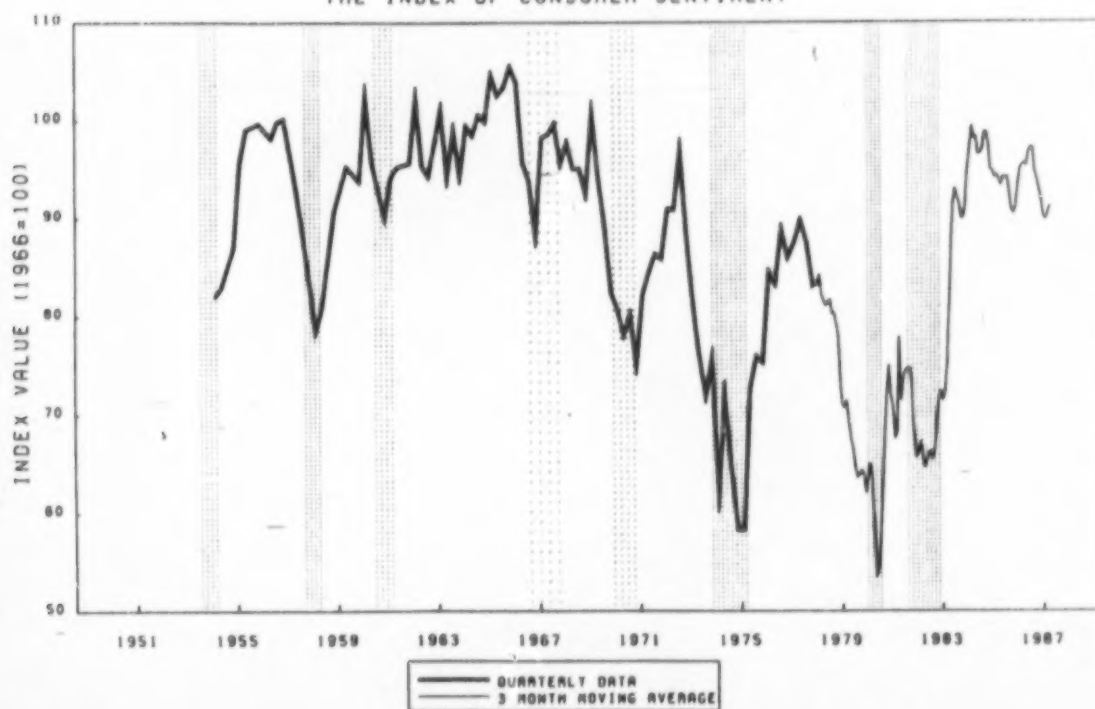


TABLE 1
THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	All families	Families with incomes over \$30,000	Families with incomes over \$40,000
April 1984	96.1	107.0	107.8
May 1984	98.1	107.8	108.9
June 1984	95.5	105.5	108.6
July 1984	96.6	102.7	109.2
August 1984	99.1	113.3	116.4
September 1984	100.9	110.8	112.9
October 1984	96.3	113.5	114.8
November 1984	95.7	112.9	113.6
December 1984	92.9	101.5	101.7
January 1985	96.0	110.2	112.1
February 1985	93.7	113.8	113.8
March 1985	93.7	110.8	114.4
April 1985	94.6	108.9	114.9
May 1985	91.8	105.3	107.7
June 1985	96.5	107.4	110.3
July 1985	94.0	105.2	109.5
August 1985	92.4	106.7	110.2
September 1985	92.1	101.7	104.9
October 1985	88.4	99.6	107.4
November 1985	90.9	100.8	100.3
December 1985	93.9	106.0	108.3
January 1986	95.6	109.7	110.1
February 1986	95.9	107.8	109.0
March 1986	95.1	102.9	110.2
April 1986	96.2	106.9	111.0
May 1986	94.8	105.5	109.9
June 1986	99.3	110.6	112.4
July 1986	97.7	109.6	108.5
August 1986	94.9	105.0	106.6
September 1986	91.9	99.5	102.1
October 1986	95.6	102.8	105.5
November 1986	91.4	97.5	98.7
December 1986	89.1	98.7	98.3
January 1987	90.4	101.2	104.0
February 1987	90.2	103.6	103.6
March 1987	90.8	97.8	96.1
April 1987	92.8	98.5	103.1

CHART 2A - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

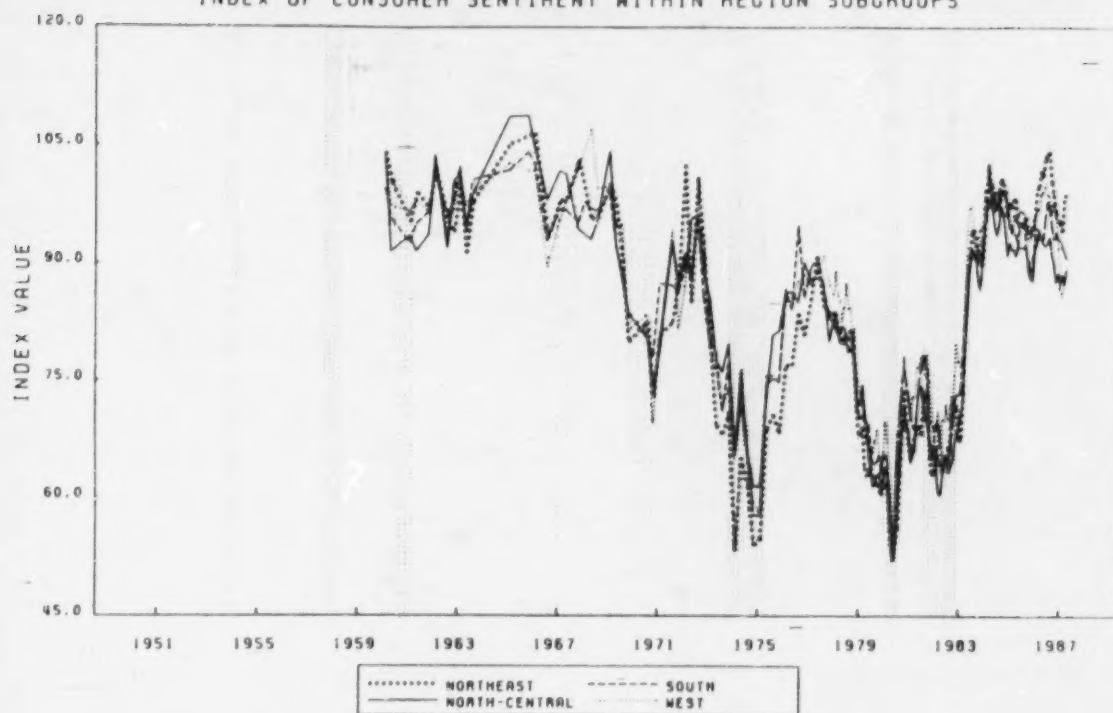


CHART 2B - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

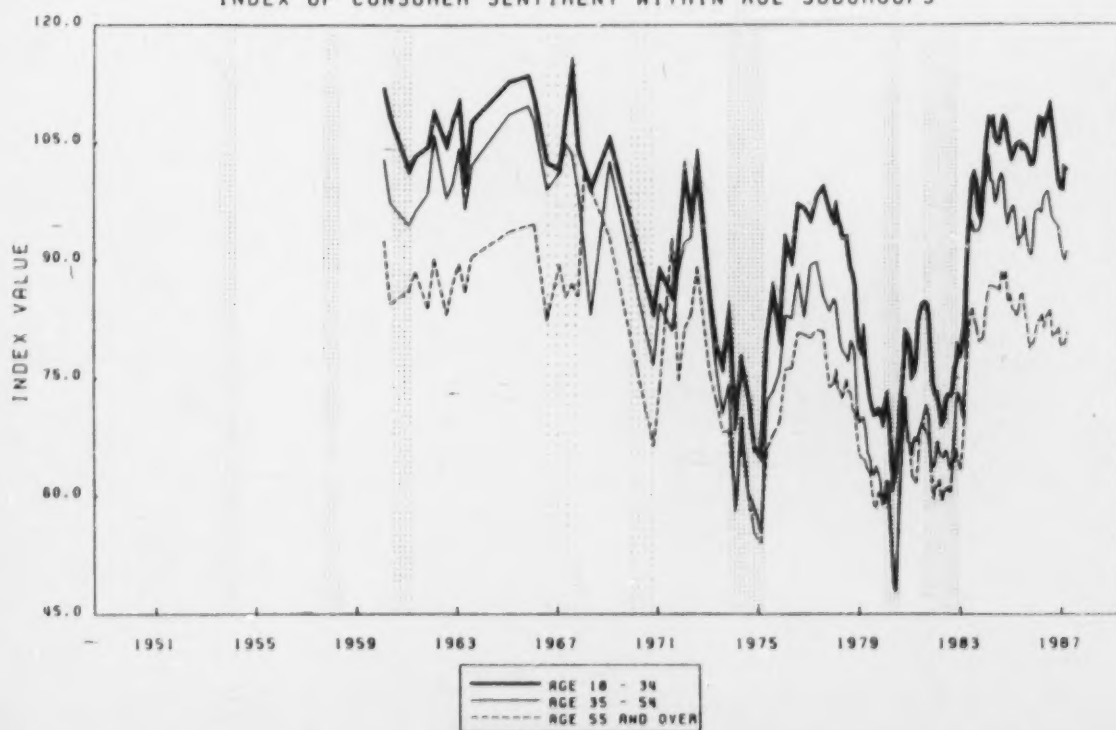


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY		CENSUS REGION				AGE OF RESPONDENT		
		North East	North Central	South	West	18-34	35-54	55+
April 1984		92.8	96.1	96.5	100.5	107.2	95.4	86.0
May 1984		98.8	96.3	96.5	103.9	107.5	98.8	86.6
June 1984		100.1	92.1	95.0	93.7	103.0	97.1	85.9
July 1984		94.3	92.5	100.5	99.3	104.9	98.2	87.1
August 1984		103.1	100.2	97.5	95.4	106.8	105.3	85.2
September 1984		105.0	99.3	99.7	99.9	108.5	99.9	93.3
October 1984		92.5	89.4	100.9	101.7	108.9	95.5	84.2
November 1984		100.3	93.3	95.6	94.1	105.5	94.0	88.1
December 1984		94.8	90.3	93.4	94.0	102.9	94.1	82.2
January 1985		98.2	94.5	94.6	97.8	104.2	99.0	86.6
February 1985		97.9	90.4	96.6	89.7	102.0	97.0	82.3
March 1985		98.3	90.6	89.8	101.1	104.7	94.7	82.0
April 1985		98.1	91.7	94.8	95.3	106.9	92.9	84.3
May 1985		88.8	94.0	91.9	91.3	103.2	87.9	84.6
June 1985		97.7	90.4	99.0	103.6	105.0	97.8	87.9
July 1985		98.4	91.8	92.9	94.8	104.4	93.7	84.8
August 1985		90.7	93.4	93.6	90.6	104.2	94.9	77.3
September 1985		98.5	91.5	87.0	97.5	103.7	89.6	82.8
October 1985		92.3	81.7	90.7	90.0	101.6	88.6	76.0
November 1985		92.8	90.7	88.4	93.1	101.1	93.5	79.3
December 1985		98.2	90.8	92.0	98.1	103.8	95.3	82.6
January 1986		96.7	93.9	98.2	93.7	105.5	99.4	80.8
February 1986		103.4	92.7	93.2	98.0	109.7	94.1	83.8
March 1986		99.1	94.9	91.3	98.9	109.1	96.0	82.0
April 1986		102.7	92.3	94.4	99.5	104.8	97.8	83.6
May 1986		101.2	90.1	93.5	98.8	104.9	99.9	78.3
June 1986		106.2	94.1	98.5	102.7	112.7	97.9	86.6
July 1986		103.9	93.4	101.7	94.7	108.2	98.6	84.5
August 1986		102.5	92.6	90.5	98.2	107.9	95.2	80.1
September 1986		94.6	87.0	91.9	95.8	106.3	92.4	76.1
October 1986		99.1	90.0	96.5	99.3	102.5	97.3	85.7
November 1986		95.8	85.6	93.2	92.3	99.5	94.2	80.4
December 1986		91.8	90.4	89.5	84.0	98.0	91.3	78.3
January 1987		98.1	85.9	96.0	83.9	99.9	91.2	78.4
February 1987		92.4	89.5	90.7	89.2	99.1	89.2	81.5
March 1987		104.6	86.3	87.5	91.2	106.4	89.3	77.7
April 1987		99.4	91.7	93.7	87.2	99.0	95.1	83.5

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

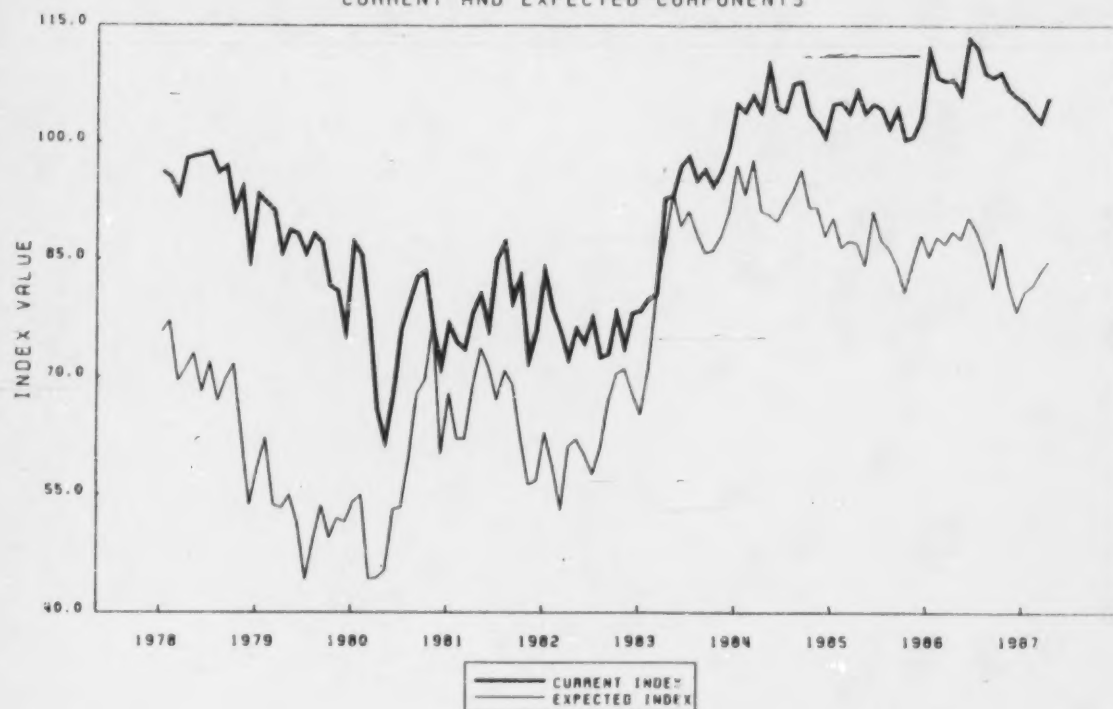


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

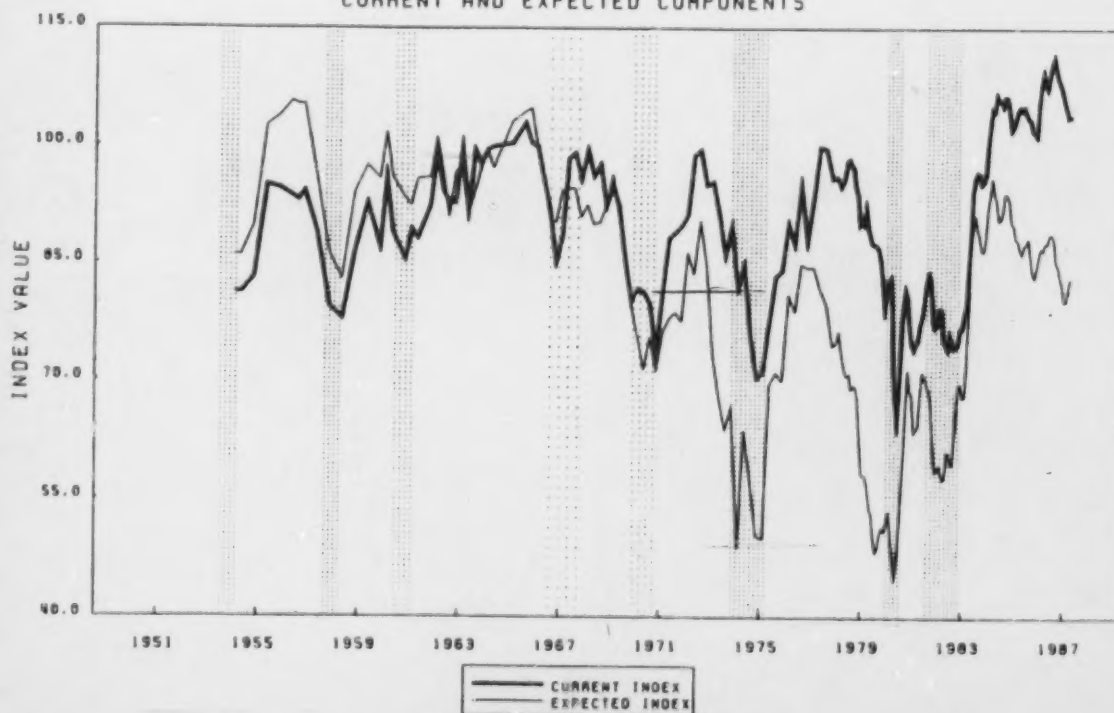


TABLE 3
COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY		INDEX COMPONENTS +						
		Personal finances		Business conditions		Buying conds.	Current Index	Expected Index
		Current	Expected	12 months	5 years			
		(1)	(2)	(3)	(4)			
April	1984	116	125	136	107	152	103.5	91.4
May	1984	121	129	131	105	164	109.8	90.6
June	1984	126	124	131	106	145	104.4	89.8
July	1984	117	124	133	113	152	103.9	91.9
August	1984	125	129	137	111	153	107.5	93.7
September	1984	125	131	142	116	154	107.8	96.4
October	1984	118	127	134	107	150	103.6	91.6
November	1984	121	129	132	107	144	102.4	91.5
December	1984	118	125	131	98	143	100.6	87.9
January	1985	119	124	135	104	153	104.9	90.3
February	1985	115	120	131	96	158	105.1	86.5
March	1985	112	123	133	96	156	103.7	87.3
April	1985	116	127	128	95	161	106.6	87.0
May	1985	116	120	121	97	152	103.7	84.2
June	1985	115	127	133	106	157	104.9	91.1
July	1985	116	124	129	98	154	104.3	87.4
August	1985	112	123	125	99	152	101.8	86.3
September	1985	116	124	118	96	155	104.3	84.2
October	1985	111	123	111	90	148	100.3	80.8
November	1985	111	124	120	96	150	100.7	84.5
December	1985	120	124	127	103	147	103.1	88.1
January	1986	122	123	126	93	168	111.8	85.3
February	1986	117	123	132	98	164	108.4	87.8
March	1986	120	124	129	96	160	107.9	86.9
April	1986	120	128	133	94	160	108.1	88.5
May	1986	117	129	131	92	158	106.2	87.5
June	1986	124	127	136	100	170	113.3	90.3
July	1986	126	130	131	94	165	112.1	88.5
August	1986	121	128	123	94	161	108.9	85.9
September	1986	120	127	115	84	161	108.3	81.3
October	1986	120	127	124	99	162	108.9	87.1
November	1986	121	121	120	87	155	106.7	81.6
December	1986	116	127	104	83	158	105.8	78.3
January	1987	120	130	117	77	152	105.1	80.9
February	1987	115	126	117	84	153	103.7	81.6
March	1987	114	122	121	92	152	102.5	83.3
April	1987	116	127	116	97	158	105.5	84.7

(1) See Table 4.

(2) See Table 6.

(3) See Table 15.

(4) See Table 16.

(5) See Table 21.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"). plus 100.

CHART 4 - RECENT CHANGES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO



CHART 4 - HISTORICAL SERIES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

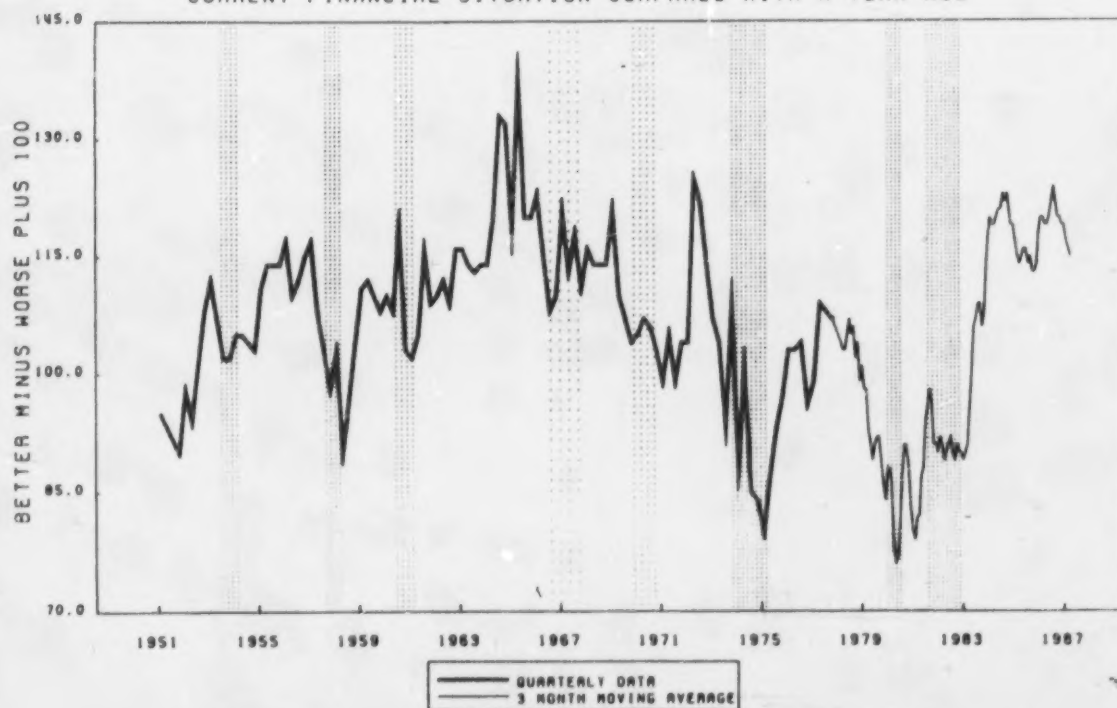


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
BETTER OFF	45%	42%	47%	49%	46%	45%	44%	43%	43%	45%	44%	41%	42%
SAME	30	33	29	28	28	30	32	35	30	29	27	32	32
WORSE OFF	25	25	23	23	25	25	24	22	27	25	29	27	26
DK,NA	*	*	1	*	1	*	*	*	*	1	*	*	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

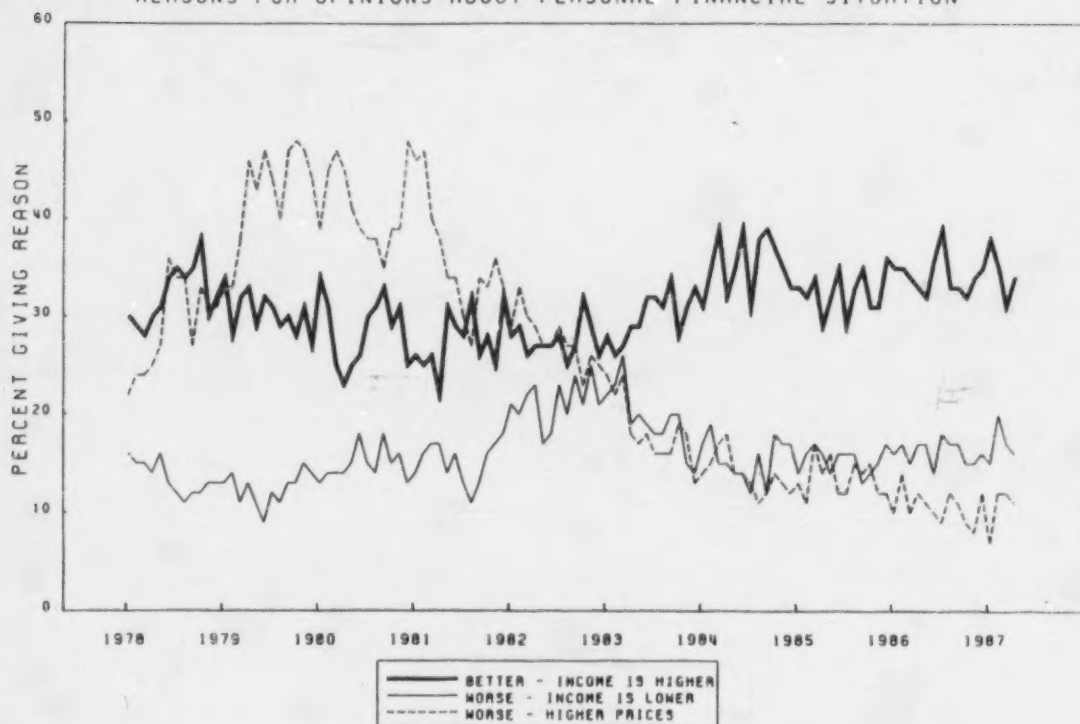


CHART 5 - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

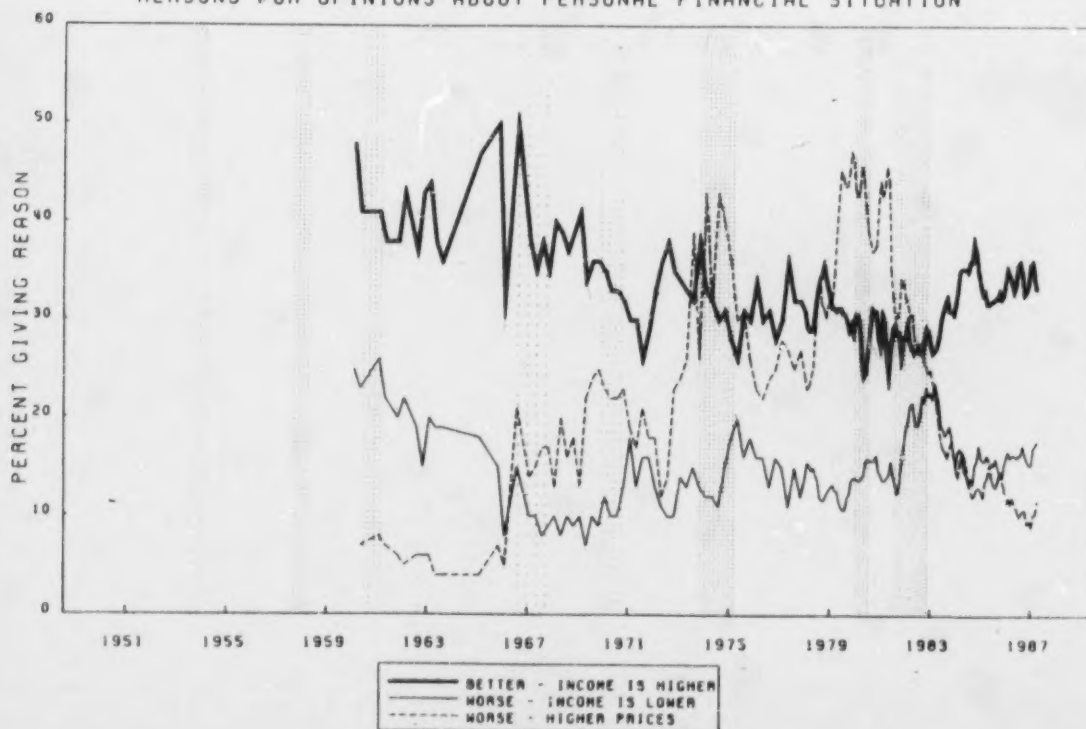


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
BETTER OFF THAN YEAR AGO:													
Income is higher	33%	32%	36%	39%	33%	33%	32%	34%	35%	38%	35%	31%	34%
WORSE OFF THAN YEAR AGO:													
Income is lower	17	17	14	18	17	17	15	15	16	15	20	17	16
Higher prices	12	11	10	9	12	11	9	8	12	7	12	12	11

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES
EXPECTED CHANGE IN FINANCIAL SITUATION

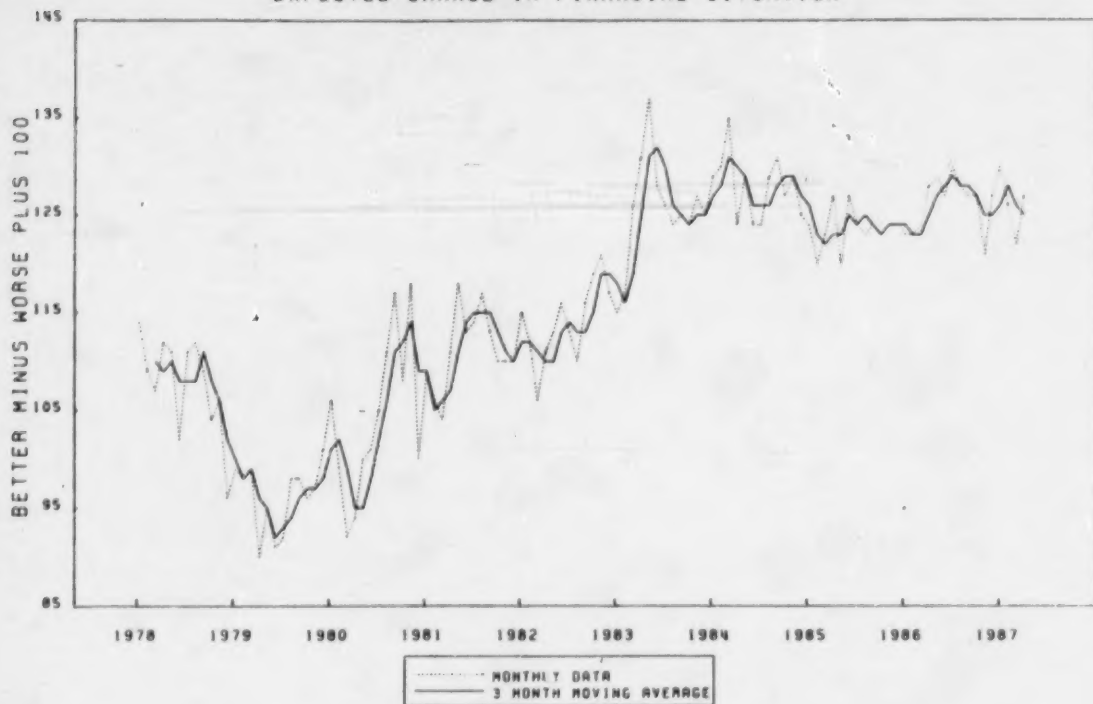


CHART 6 - HISTORICAL SERIES
EXPECTED CHANGE IN FINANCIAL SITUATION

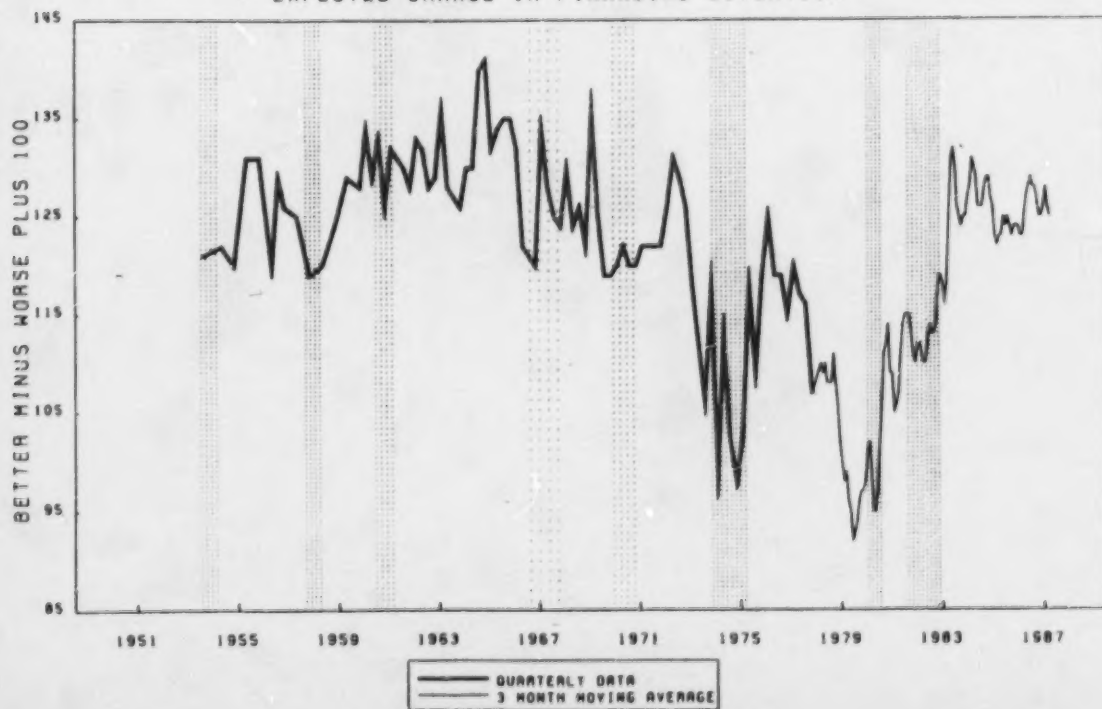


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
BETTER OFF	38%	40%	38%	38%	39%	38%	37%	33%	36%	39%	38%	33%	37%
SAME	49	47	49	52	48	47	51	52	52	48	48	53	49
WORSE OFF	10	11	11	8	11	11	10	12	9	9	12	11	10
DK,NA	3	2	2	2	2	4	2	3	3	4	2	3	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION

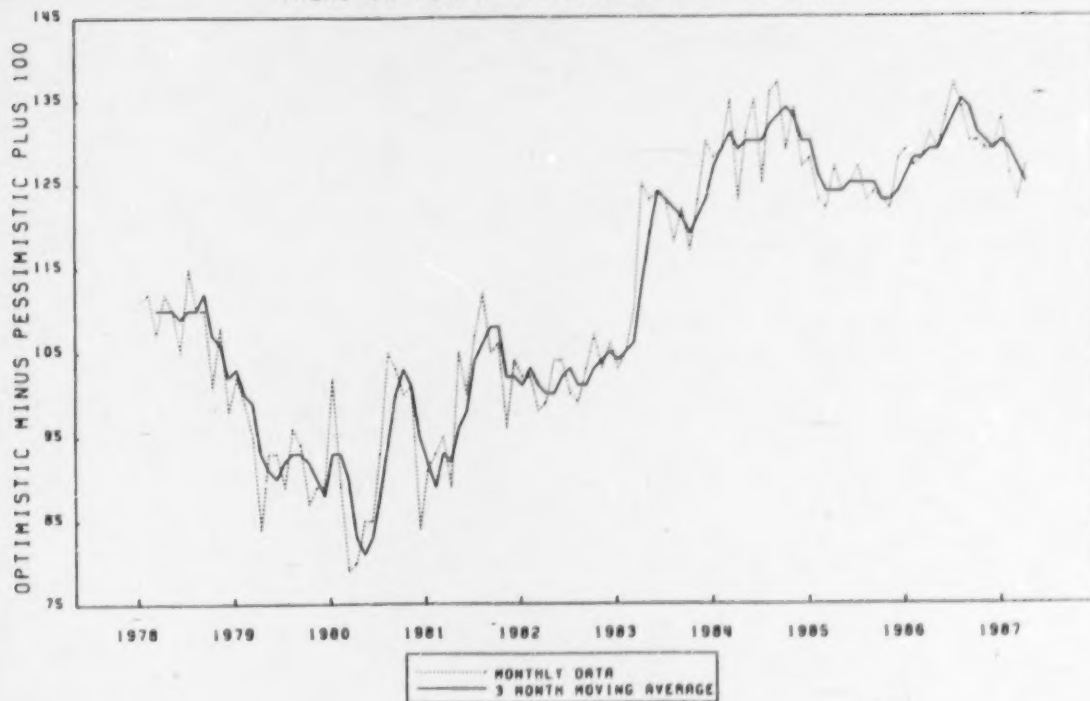


CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION

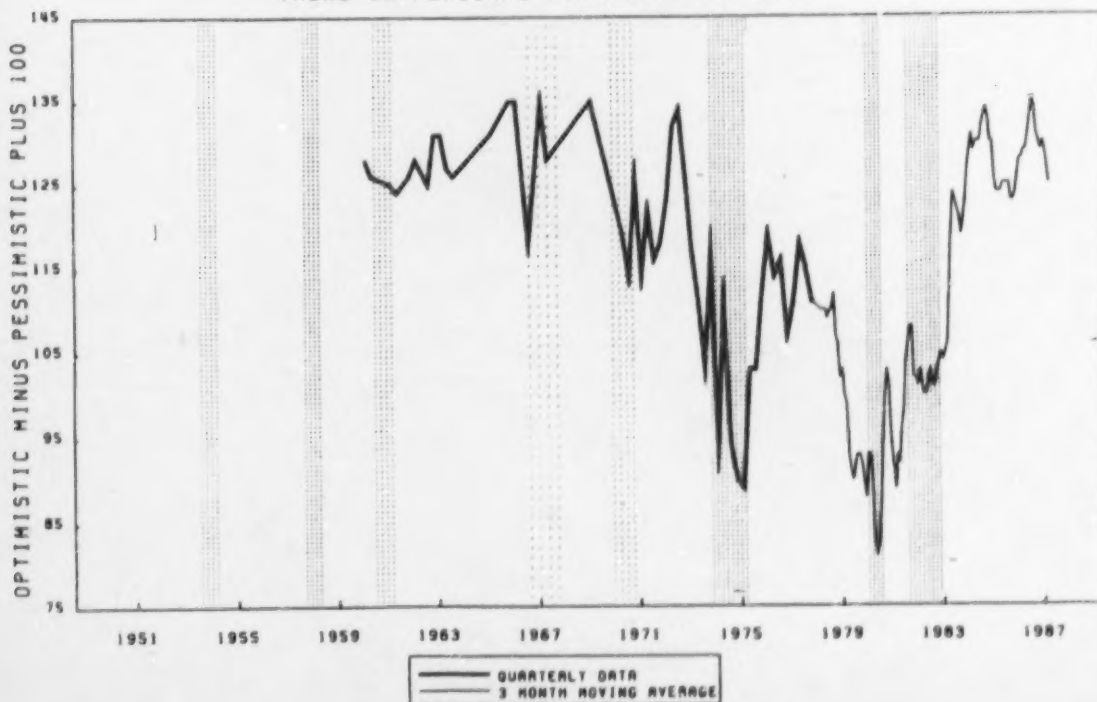


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	23%	22%	22%	23%	21%	21%	22%	18%	18%	22%	22%	19%	19%
Intermittant increase (b)	28	26	29	29	32	29	27	29	29	28	27	25	28
Remain unchanged (c)	16	19	18	19	15	16	19	22	19	17	15	22	17
Intermittant decline (d)	16	15	14	12	13	15	16	13	14	14	17	16	17
Continuous decline (e)	4	4	4	3	6	5	3	5	4	3	6	5	3
Mixed change (f)	10	11	11	11	11	10	11	10	13	12	11	10	12
DK,NA	3	3	2	3	2	4	2	3	3	4	2	3	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
 (b) Better/Same or Same/Better
 (c) Same/Same
 (d) Worse/Same or Same/Worse
 (e) Worse/Worse
 (f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

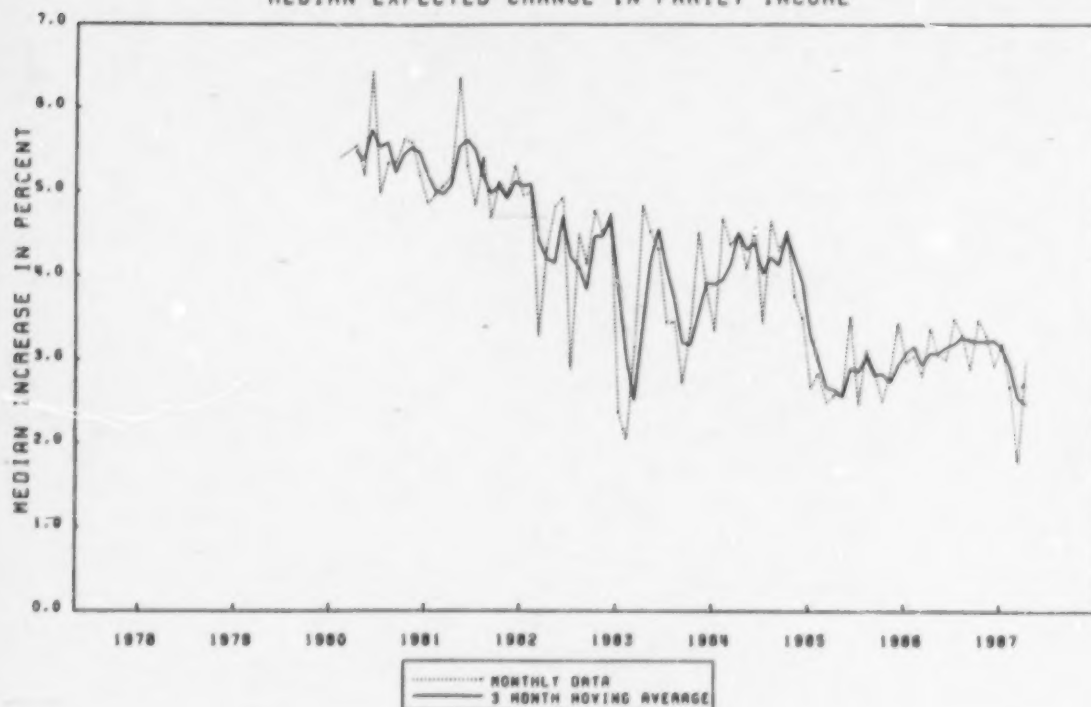


CHART 8 - HISTORICAL SERIES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

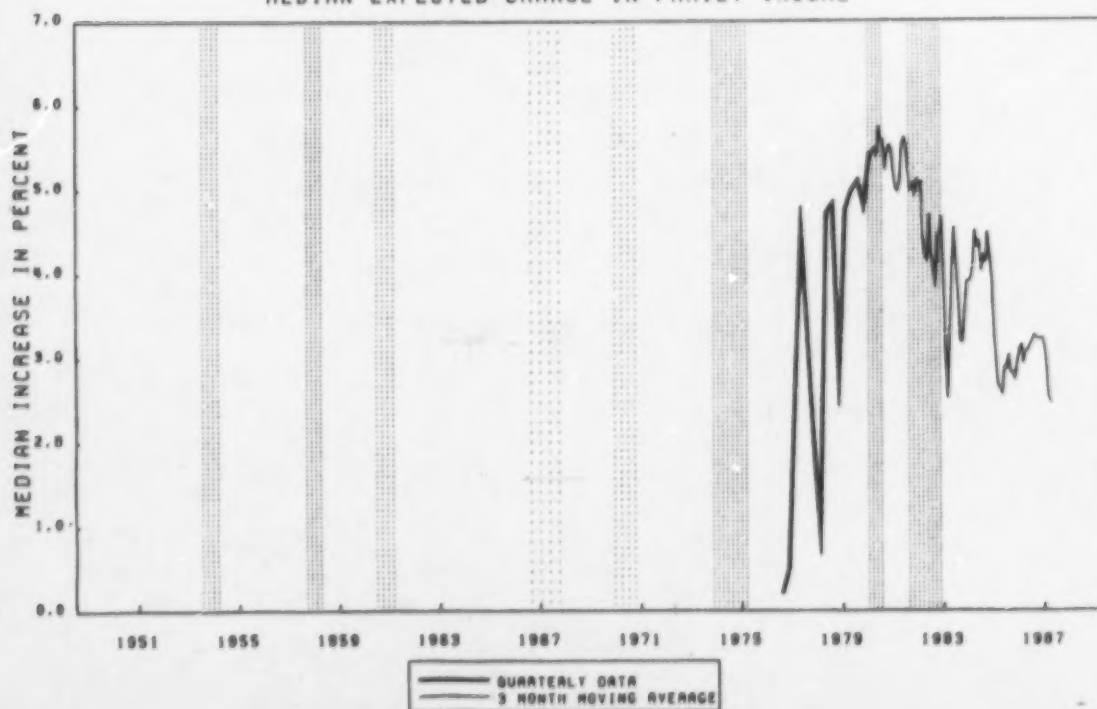


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
EXPECT INCREASE:													
1-4%	13%	16%	15%	15%	16%	16%	14%	17%	18%	16%	15%	17%	15%
5%	9	9	11	12	11	15	12	13	12	11	12	11	9
6-9%	8	10	8	8	7	7	6	9	8	8	5	7	8
10-24%	19	15	15	17	14	15	19	15	14	17	15	11	19
25% or more	7	6	7	8	9	4	7	6	6	6	6	5	5
DK how much up	3	3	3	4	5	3	3	4	4	4	6	6	4
EXPECT SAME	25	25	25	22	24	26	26	23	26	25	27	28	27
EXPECT DOWN	15	14	14	14	13	13	12	12	12	12	14	15	13
DK, NA	1	2	2	*	1	1	1	1	*	1	*	*	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

* : Less than half of one percent.

CHART 9 - RECENT CHANGES
INCOME OR PRICES UP MORE NEXT YEAR

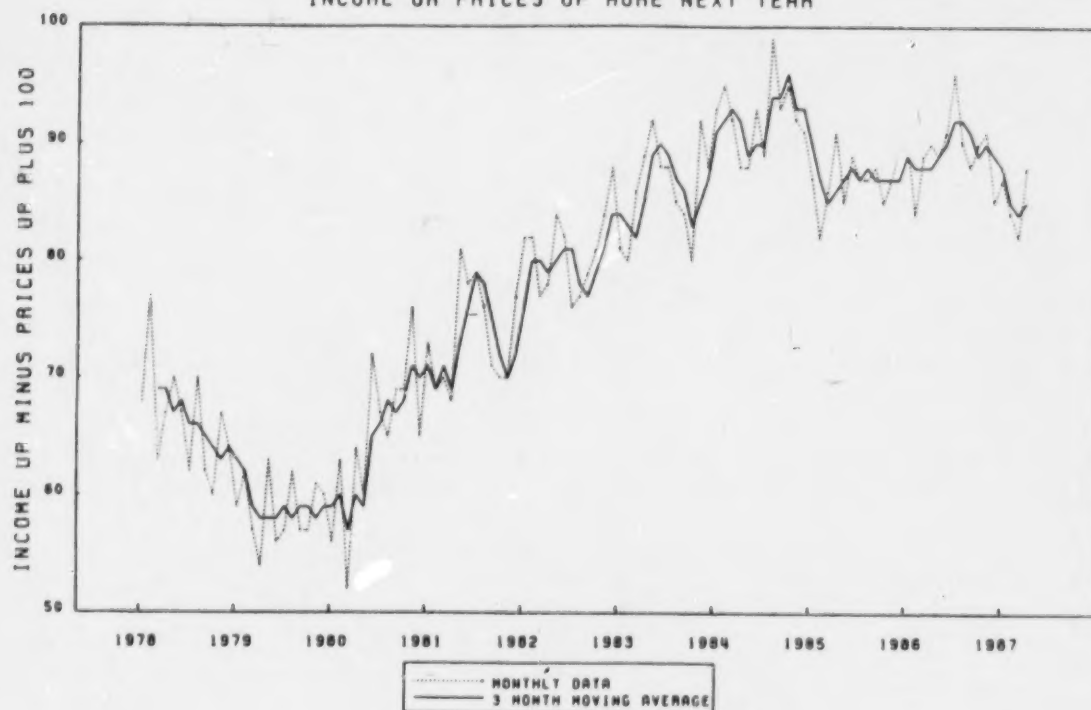


CHART 9 - HISTORICAL SERIES
INCOME OR PRICES UP MORE NEXT YEAR

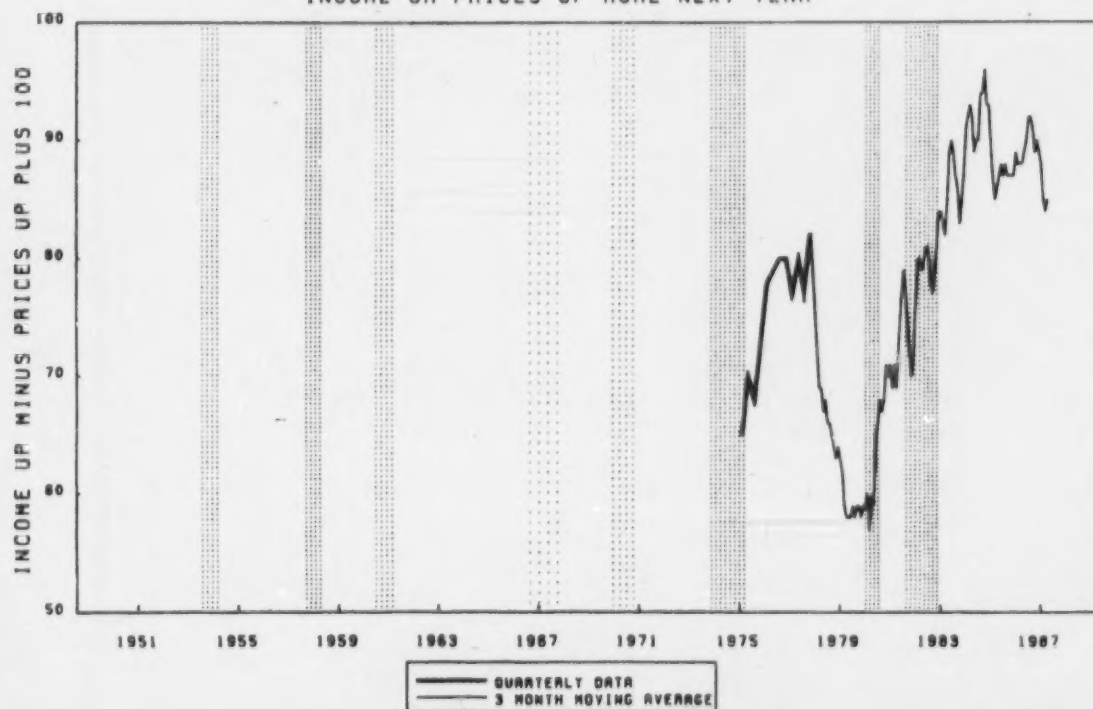


TABLE 9 -

EXPECTED CHANGE IN REAL FAMILY INCOME

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
INCOME UP MORE	21%	21%	23%	24%	22%	20%	22%	21%	19%	22%	20%	18%	21%
INCOME UP SAME	45	44	43	47	44	47	45	47	45	41	42	44	44
PRICES UP MORE	31	32	32	28	32	32	32	30	34	35	36	36	33
DK,NA	3	3	2	1	2	1	1	2	2	2	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

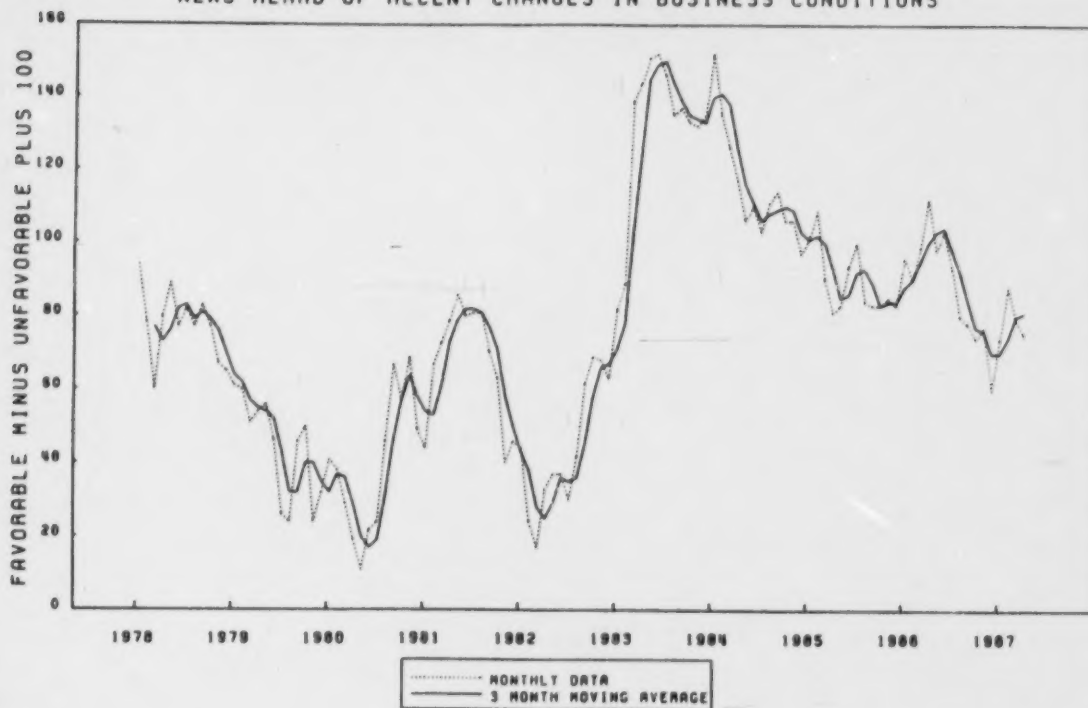


CHART 10 - HISTORICAL SERIES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

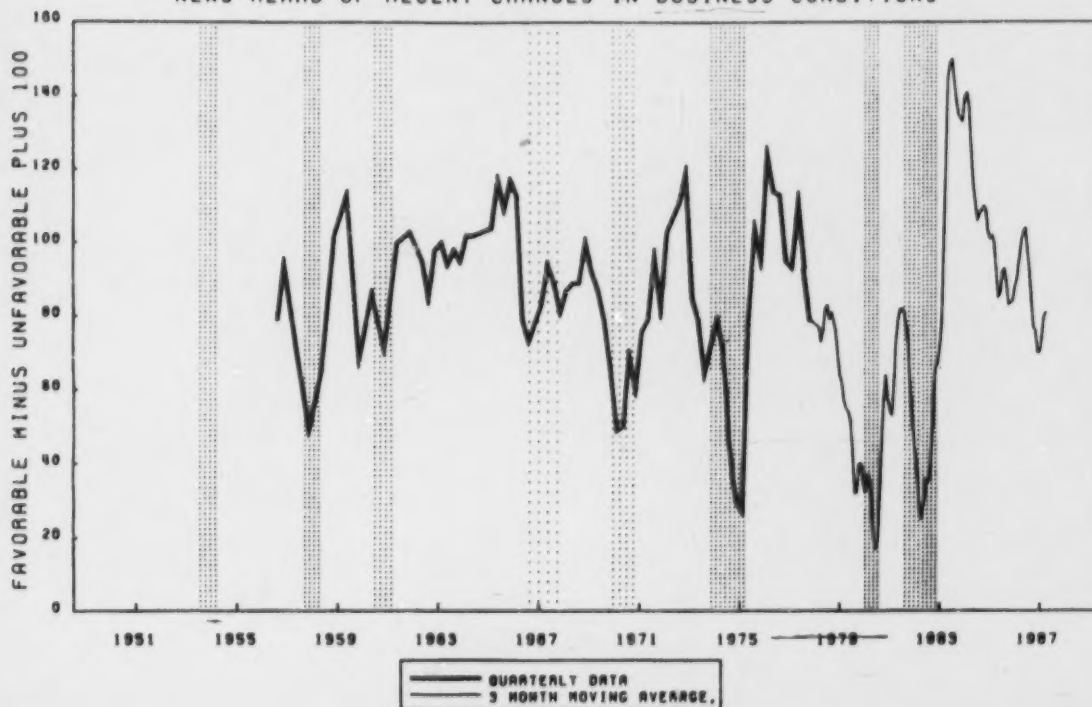


TABLE 10
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
FAVORABLE NEWS	55%	42%	42%	37%	33%	29%	26%	30%	22%	26%	36%	27%	27%
UNFAVORABLE NEWS	43	44	39	44	53	51	52	53	62	52	48	48	52
NO MENTIONS	38	44	46	45	44	49	48	47	44	44	45	49	46

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

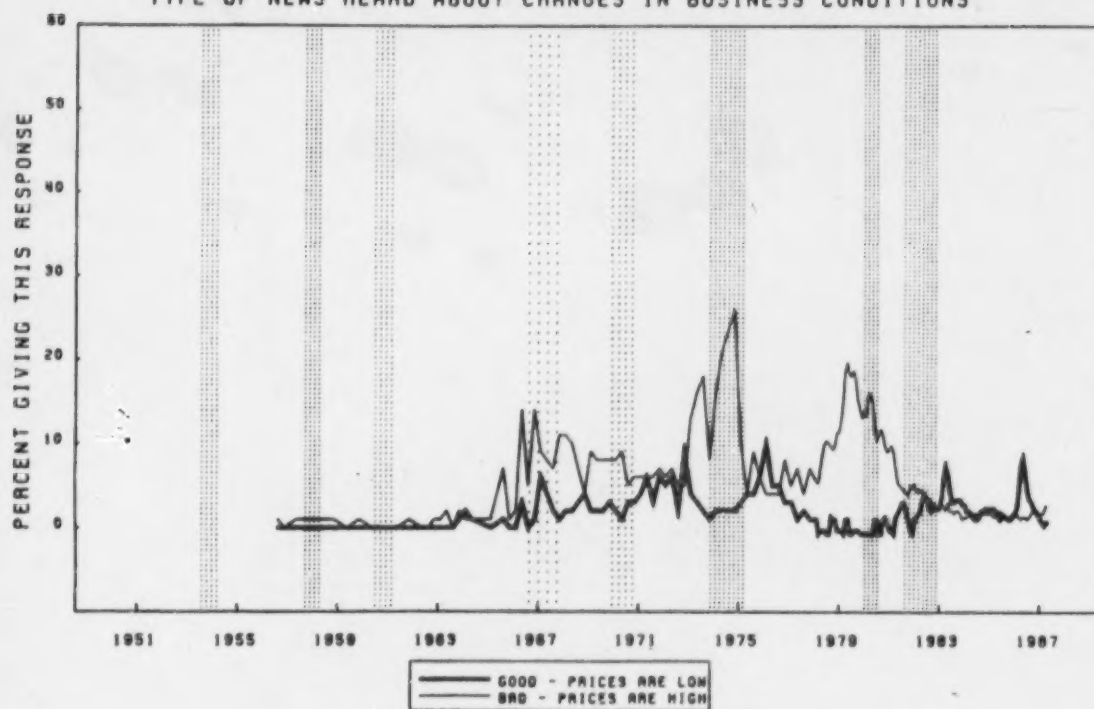


CHART 11B - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

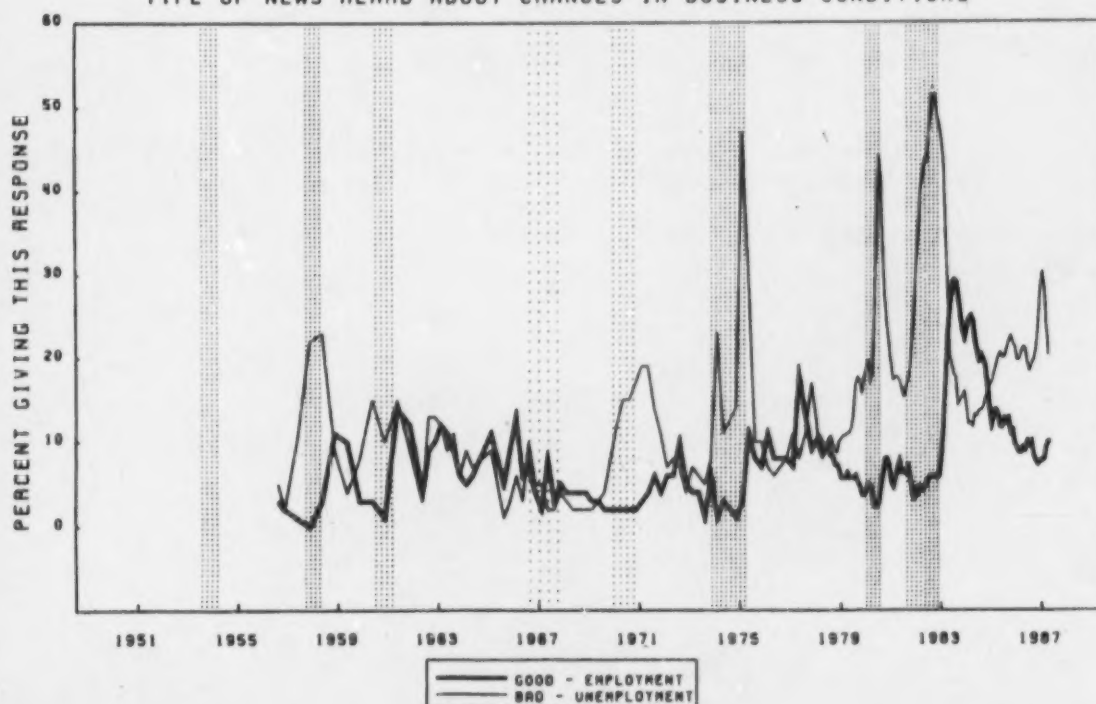


TABLE 11
SELECTED ITEMS OF
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
FAVORABLE NEWS:													
Government; elections	1%	2%	3%	3%	2%	2%	1%	3%	1%	2%	2%	2%	3%
Employment	10	9	11	9	10	6	7	9	7	7	10	11	9
Higher consumer demand	3	2	2	1	3	2	3	2	2	3	3	1	1
Lower prices	11	6	3	4	3	2	2	2	1	*	1	*	1
Easier credit	17	11	9	11	7	11	8	5	5	5	6	4	2
UNFAVORABLE NEWS:													
Government; elections	3	3	4	5	5	6	8	6	8	9	5	7	7
Unemployment	20	20	18	19	21	19	23	29	33	29	23	20	18
Lower consumer demand	2	3	2	1	2	1	2	2	4	2	3	2	2
Higher prices	1	2	1	*	3	2	2	1	2	1	2	3	3
Tighter credit	1	1	2	1	1	1	*	1	1	1	1	1	4
Energy crisis	*	1	*	*	*	*	*	*	*	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

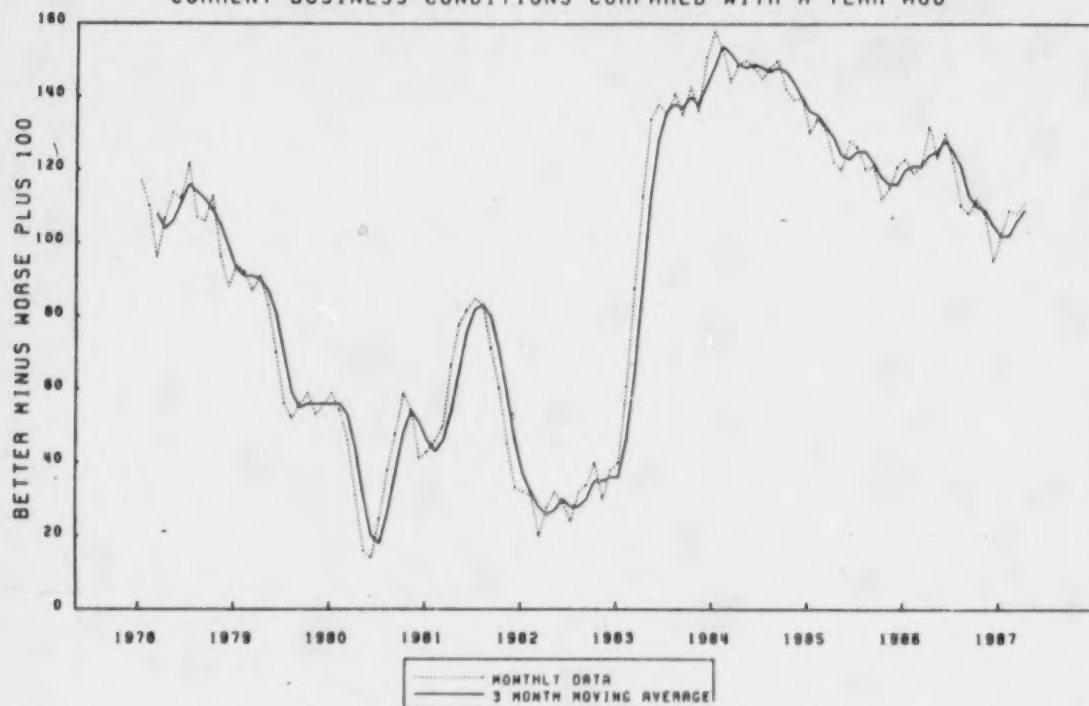


CHART 12 - HISTORICAL SERIES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

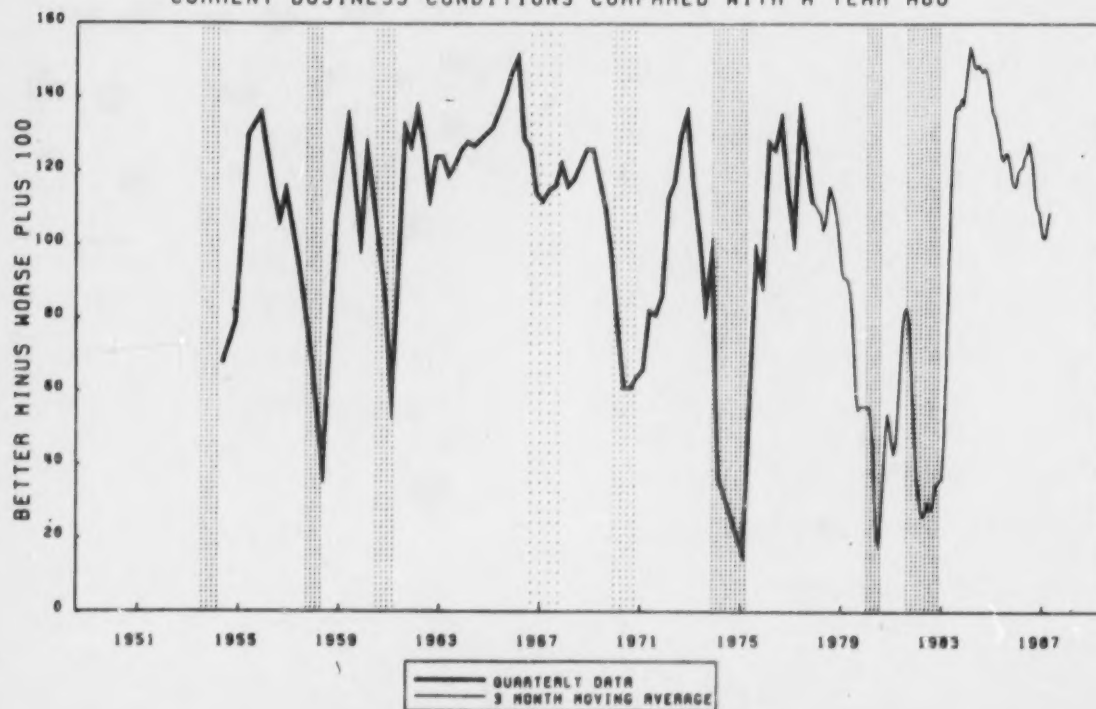


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
BETTER NOW	61%	54%	60%	53%	47%	47%	47%	45%	40%	43%	47%	45%	46%
SAME	9	13	8	14	14	13	15	16	13	14	14	17	17
WORSE NOW	29	31	30	31	37	39	35	37	45	41	38	37	35
DK,NA	1	2	2	2	2	1	3	2	2	2	1	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

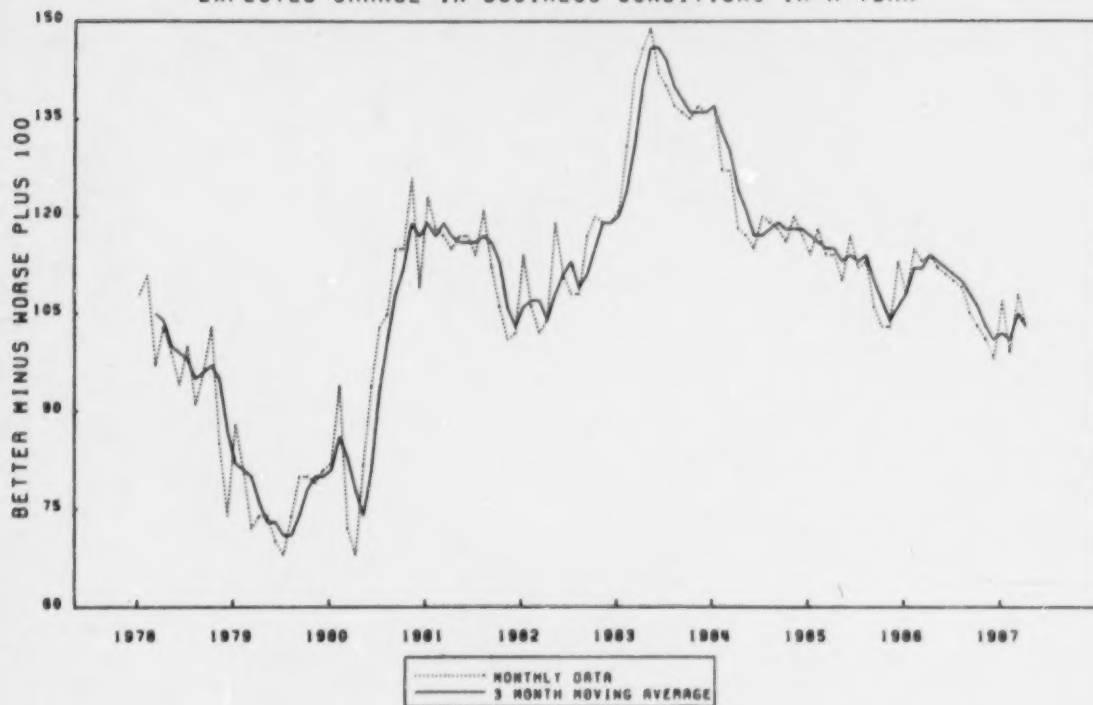


CHART 13 - HISTORICAL SERIES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

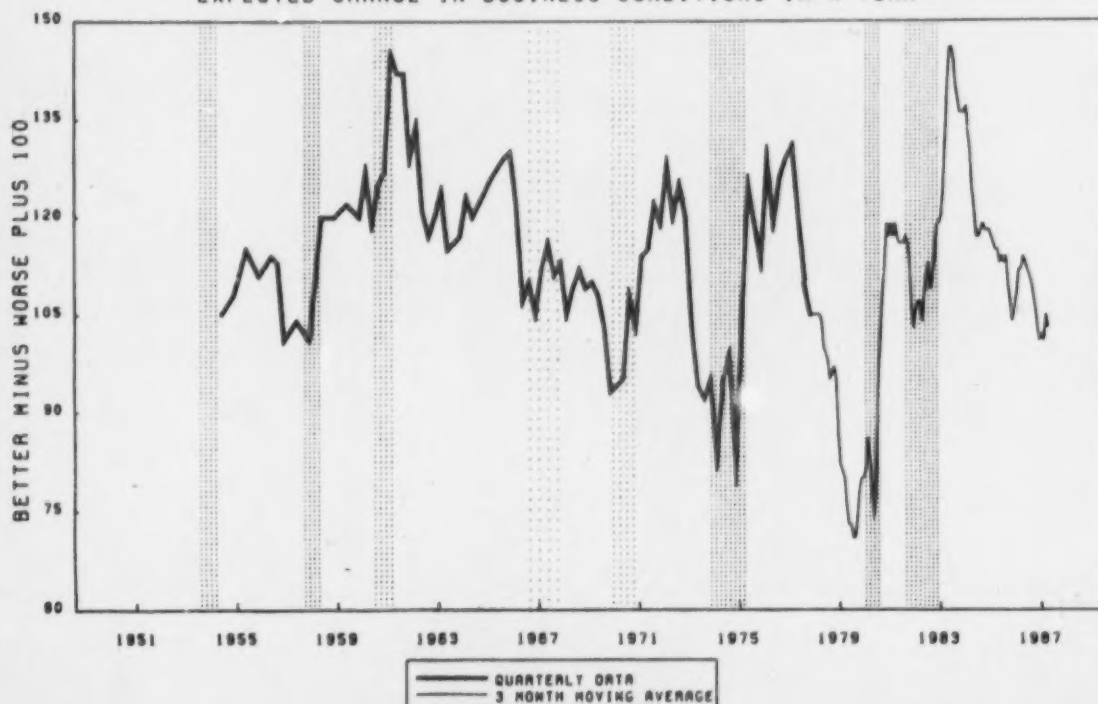


TABLE 13

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
BETTER	29%	26%	25%	24%	26%	23%	21%	20%	20%	24%	22%	22%	21%
SAME	55	57	60	60	56	55	59	59	56	58	54	61	60
WORSE	15	14	14	14	17	18	18	19	22	17	23	14	18
DK,NA	1	3	1	2	1	4	2	2	2	1	1	3	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

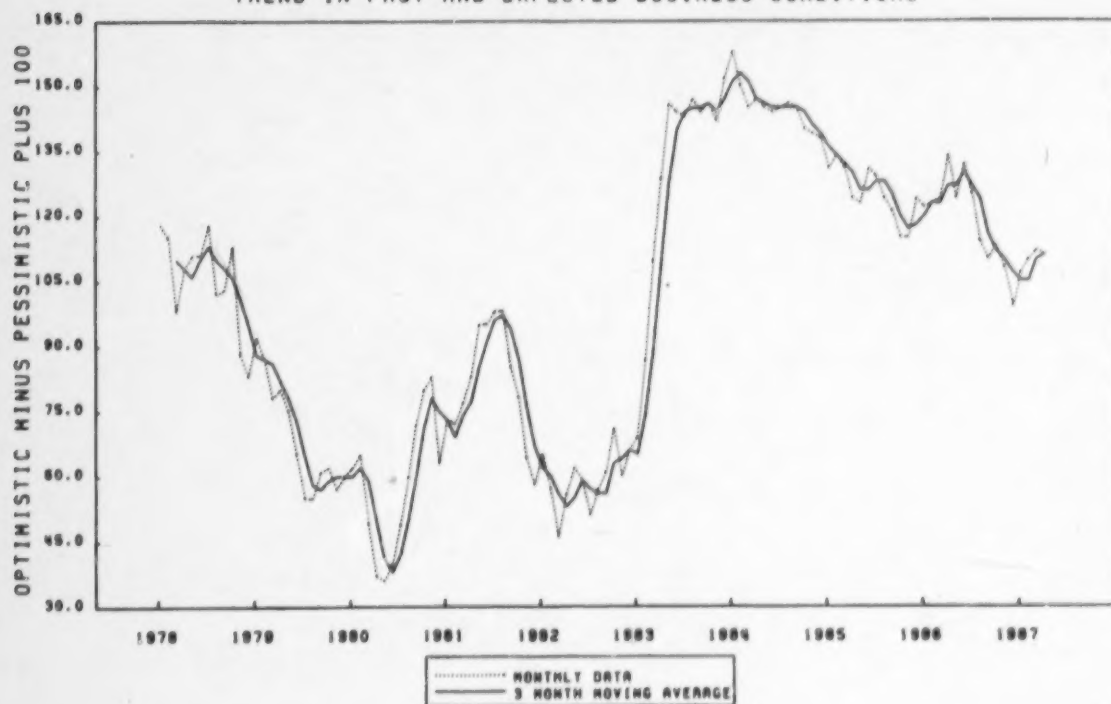


CHART 14 - HISTORICAL SERIES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

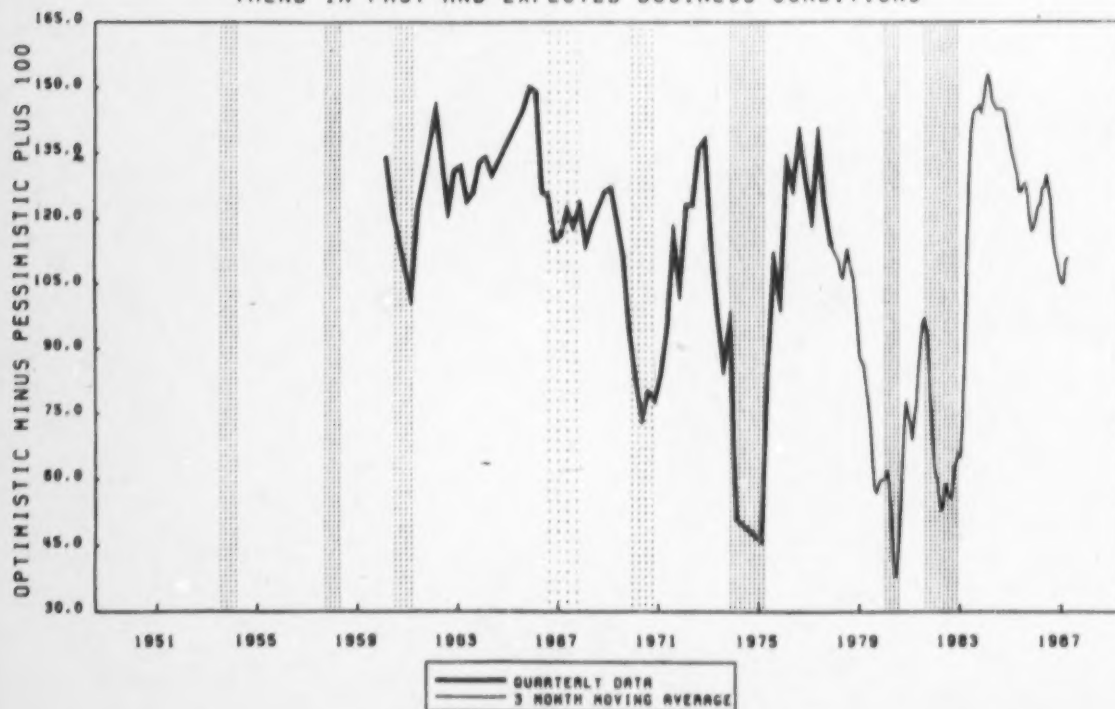


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
TREND:													
Continuous increase (a)	23%	19%	18%	16%	17%	15%	13%	12%	12%	15%	14%	13%	13%
Intermittant increase (b)	35	33	41	36	29	29	31	30	27	27	32	32	30
Remain unchanged (c)	7	8	5	10	10	8	10	10	10	10	7	11	11
Intermittant decline (d)	14	20	17	18	20	22	21	23	23	24	21	23	22
Continuous decline (e)	10	8	10	9	12	12	10	11	17	11	15	10	10
Mixed change (f)	8	9	7	8	9	10	11	11	7	10	9	7	10
DK,NA	3	3	2	3	3	4	4	3	4	3	2	4	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
 (b) Better/Same or Same/Better
 (c) Same/Same
 (d) Worse/Same or Same/Worse
 (e) Worse/Worse
 (f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

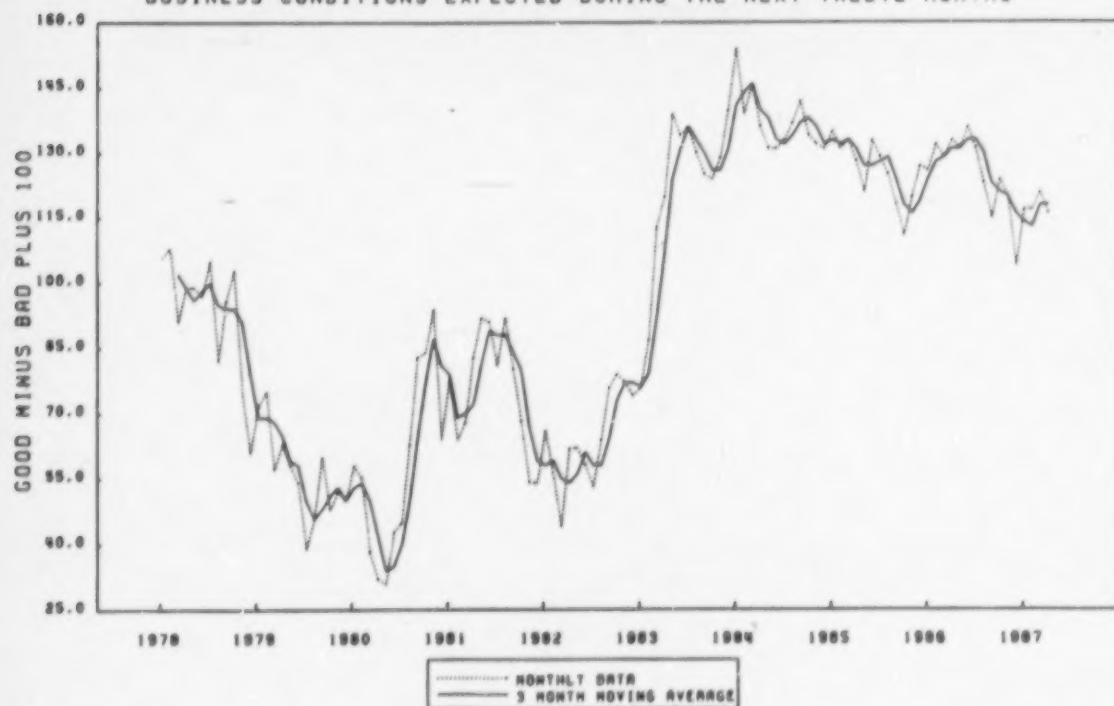


CHART 15 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

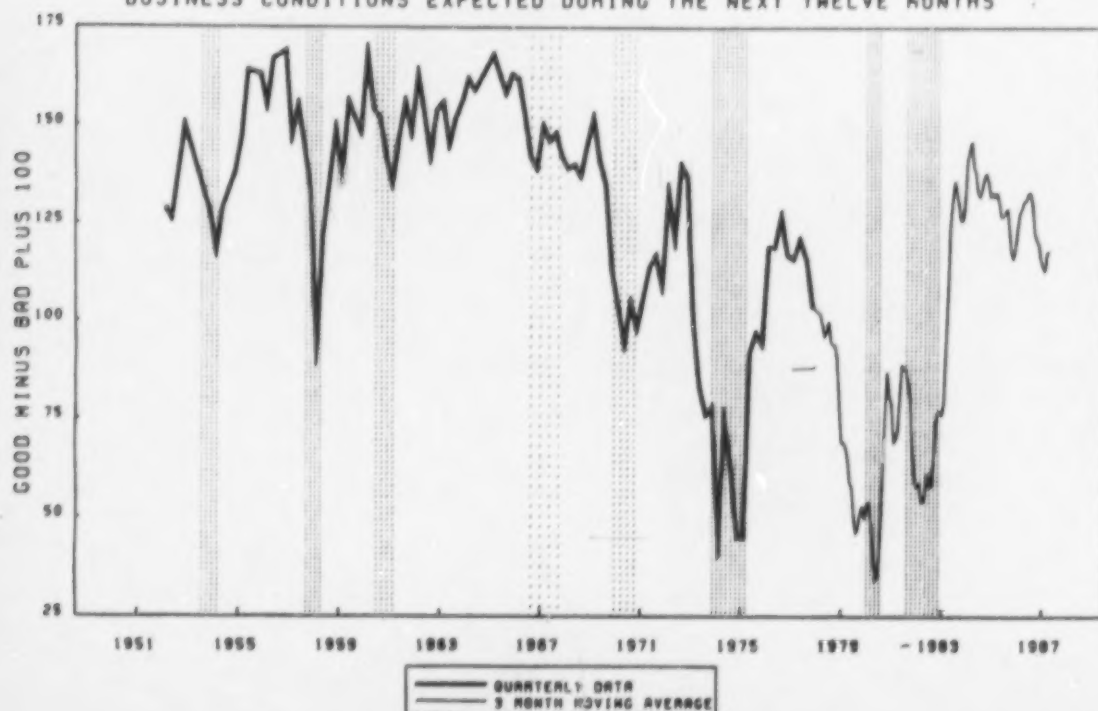


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
GOOD TIMES	61%	60%	62%	61%	55%	50%	55%	53%	45%	53%	53%	55%	51%
UNCERTAIN; GOOD & BAD	2	2	2	3	4	3	3	3	2	3	1	2	2
BAD TIMES	28	29	26	30	32	35	31	33	41	36	36	34	35
DON'T KNOW	6	5	6	4	5	8	4	5	5	4	5	5	8
NOT ASCERTAINED	3	4	4	2	4	4	7	6	7	4	5	4	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS



CHART 16 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

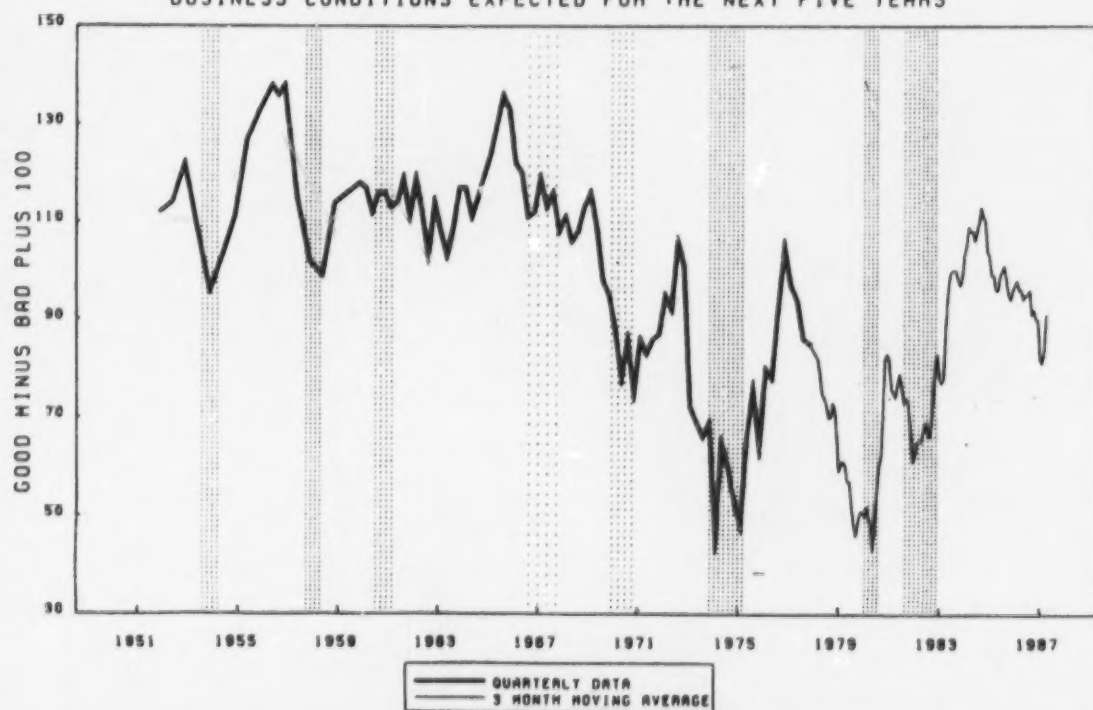


TABLE 16

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
GOOD TIMES	36%	37%	40%	38%	39%	33%	41%	35%	33%	30%	34%	39%	41%
UNCERTAIN; GOOD & BAD	18	14	14	13	10	11	13	14	13	13	12	10	9
BAD TIMES	42	45	40	44	45	49	42	48	50	53	50	47	44
NOT ASCERTAINED	4	4	6	5	6	7	4	3	4	4	4	4	6
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

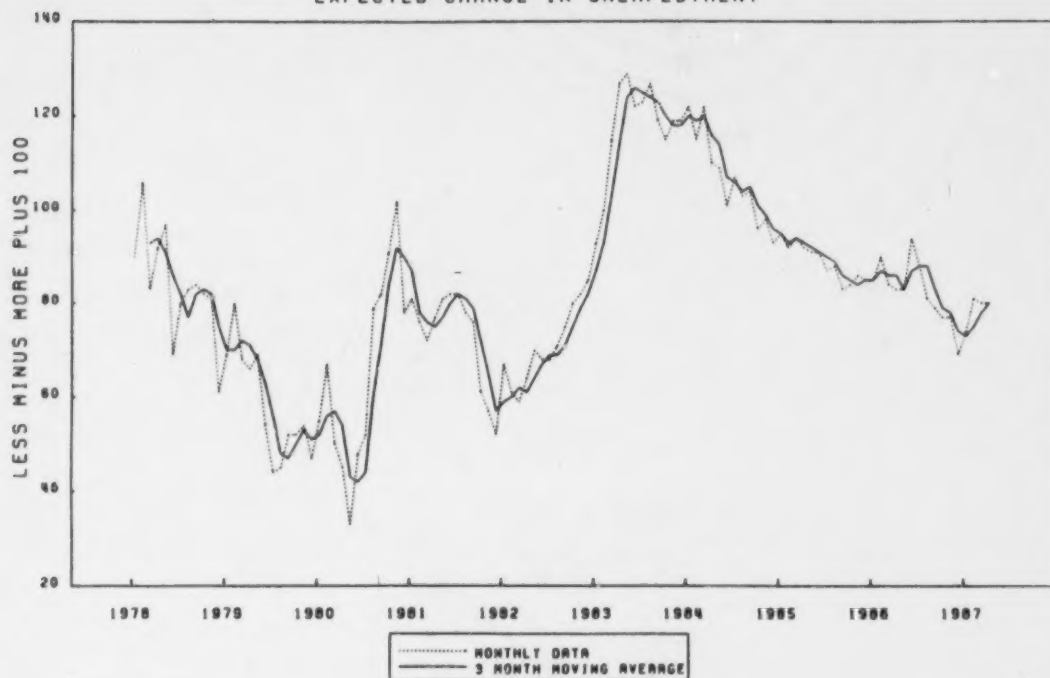


CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

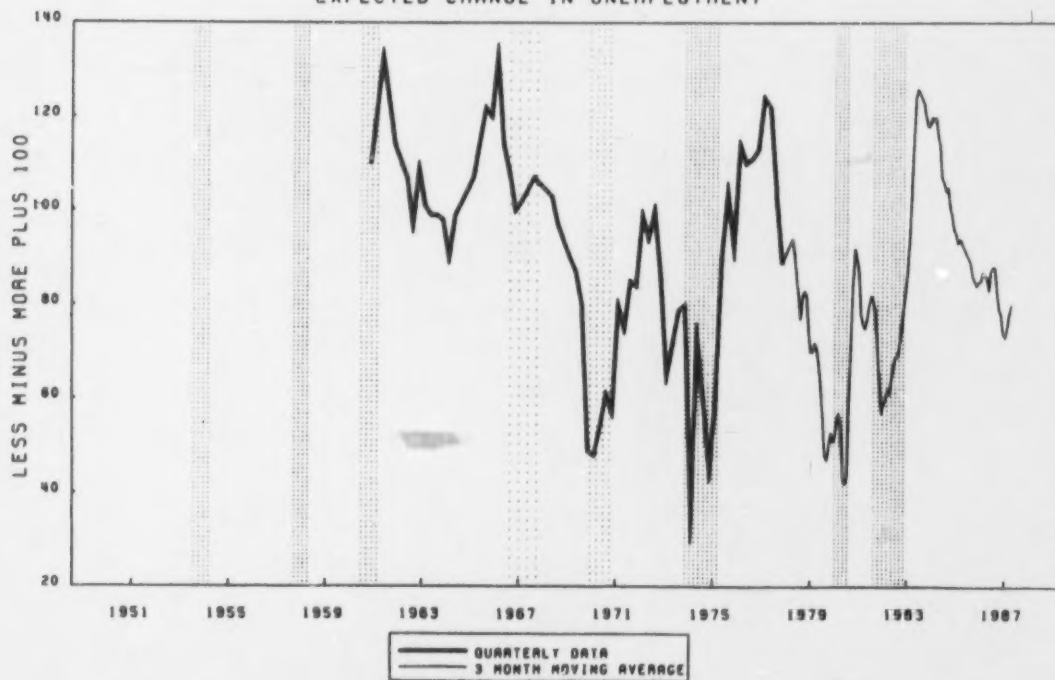


TABLE 17
EXPECTED CHANGE IN UNEMPLOYMENT

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
LESS	15%	14%	20%	15%	13%	11%	10%	11%	11%	12%	14%	15%	13%
SAME	51	54	53	56	54	54	55	54	46	49	52	48	52
MORE	32	31	26	27	32	32	33	34	42	38	33	35	33
DK,NA	2	1	1	2	1	3	2	1	1	1	1	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

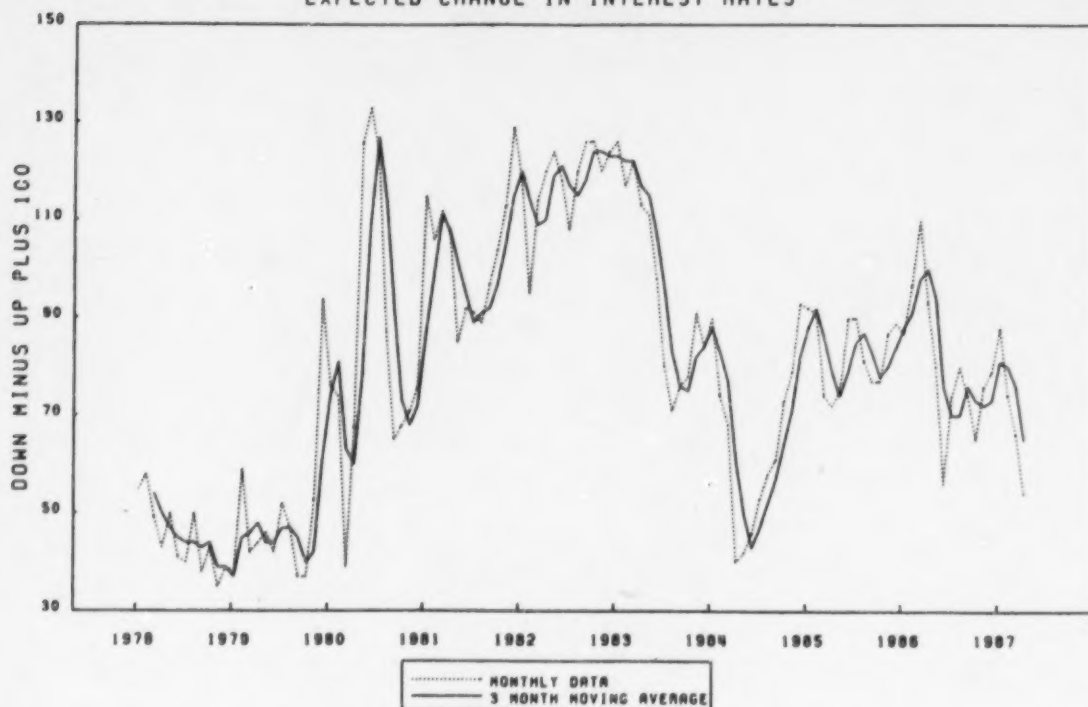


CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

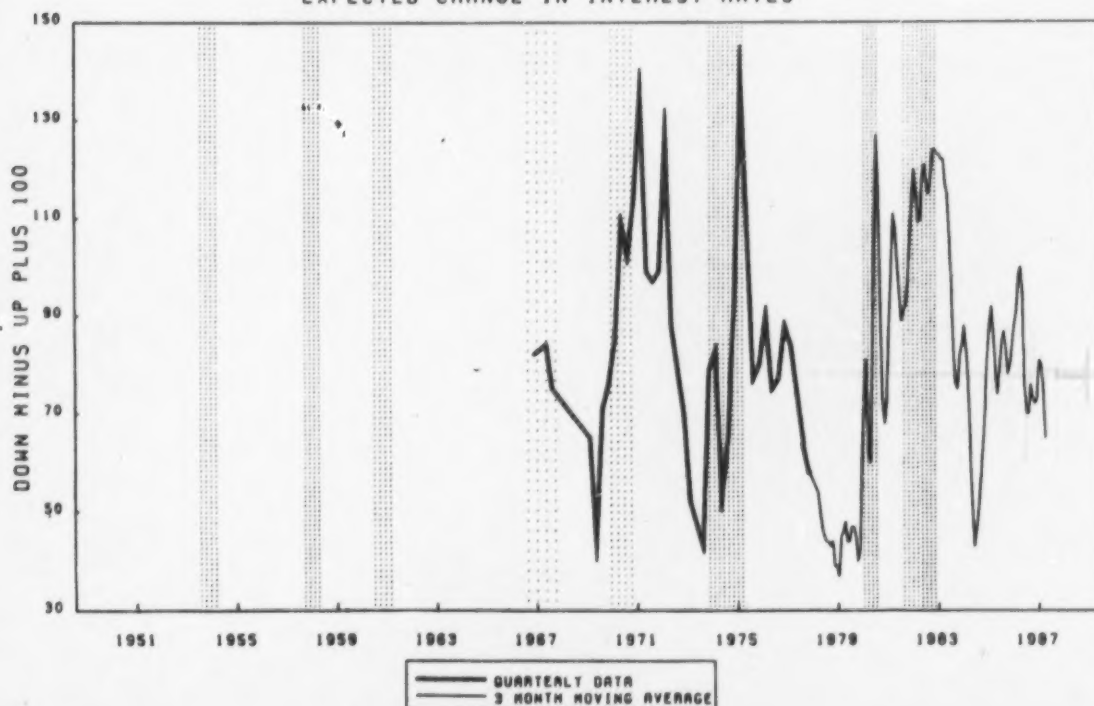


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
GO UP	35%	41%	54%	45%	42%	49%	50%	43%	41%	37%	43%	49%	57%
STAY THE SAME	34	35	34	35	34	26	33	37	37	35	38	33	29
GO DOWN	28	21	10	19	22	23	15	19	20	25	17	15	11
DK,NA	3	3	2	1	2	2	2	1	2	3	2	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

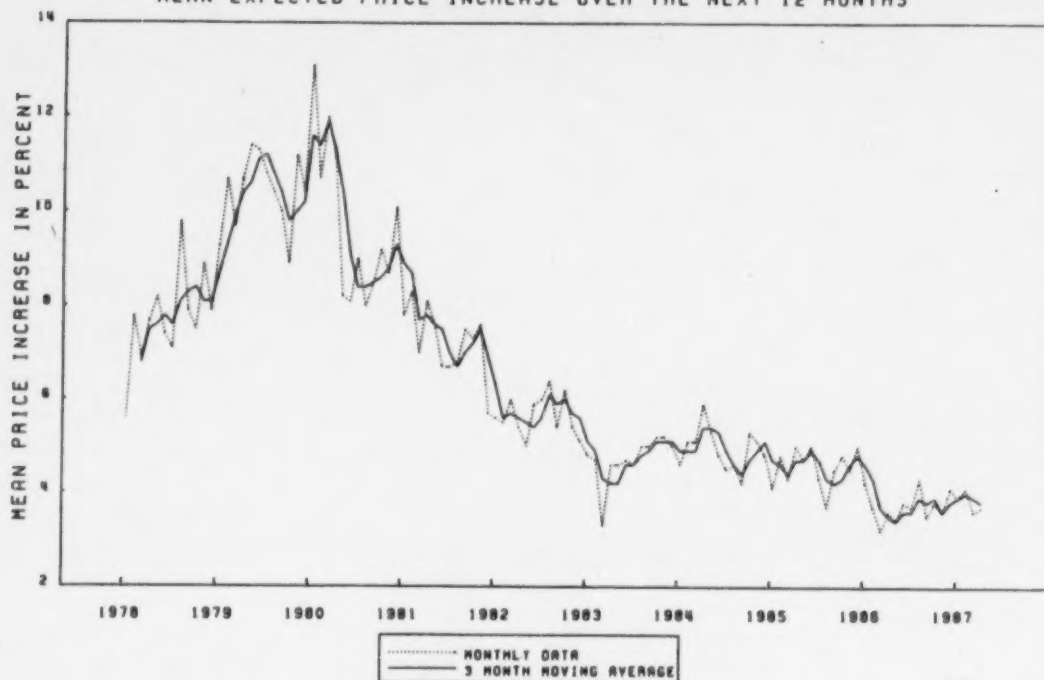


CHART 19 - HISTORICAL SERIES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

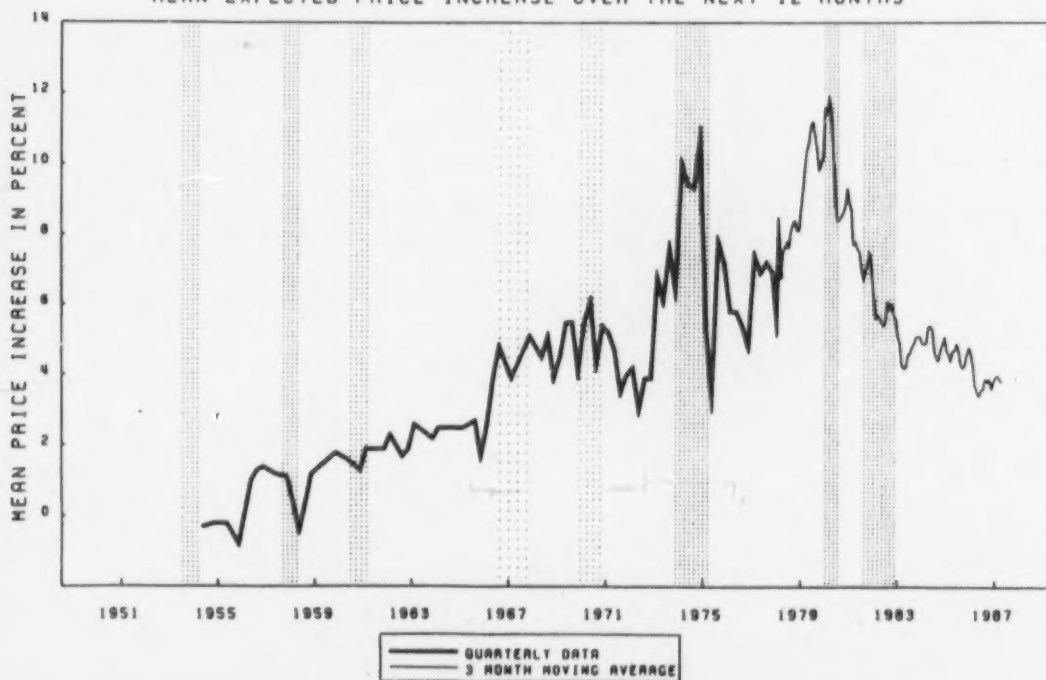


TABLE 19
EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
SAME OR DOWN	35%	31%	22%	29%	21%	23%	22%	22%	20%	20%	21%	21%	19%
WILL GO UP BY:													
1-2%	15	13	20	13	18	18	17	19	18	18	17	19	19
3-4%	18	22	20	23	24	23	19	25	23	24	21	21	23
5%	11	14	16	16	14	16	21	15	17	14	18	18	16
6-9%	5	5	6	5	7	5	5	6	7	6	5	6	8
10-14%	7	6	6	5	8	5	8	7	6	7	9	5	7
15% or more	4	3	4	4	4	3	2	2	4	4	4	3	2
DK how much up	4	4	5	4	4	6	5	3	4	6	5	6	6
DK,NA	1	2	1	1	*	1	1	1	1	1	*	1	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	3.6	3.4	3.8	3.7	4.3	3.5	3.8	3.6	4.1	3.9	4.1	3.6	3.7
VARIANCE	42	27	23	32	38	18	17	28	32	25	26	18	21
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 20 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

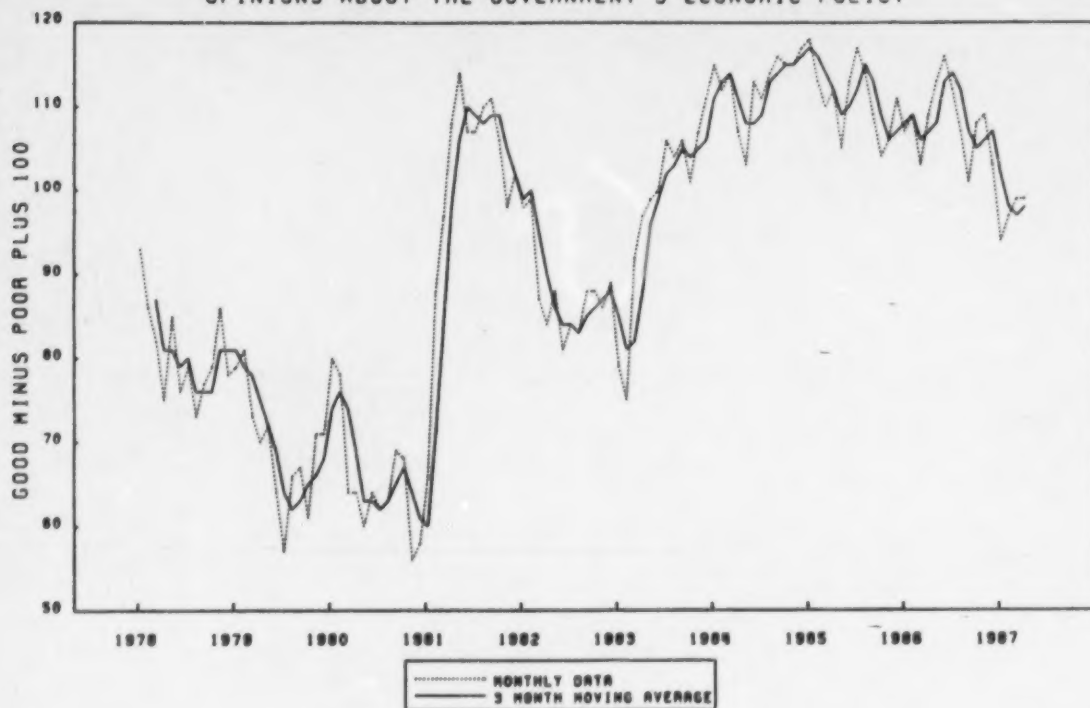


CHART 20 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

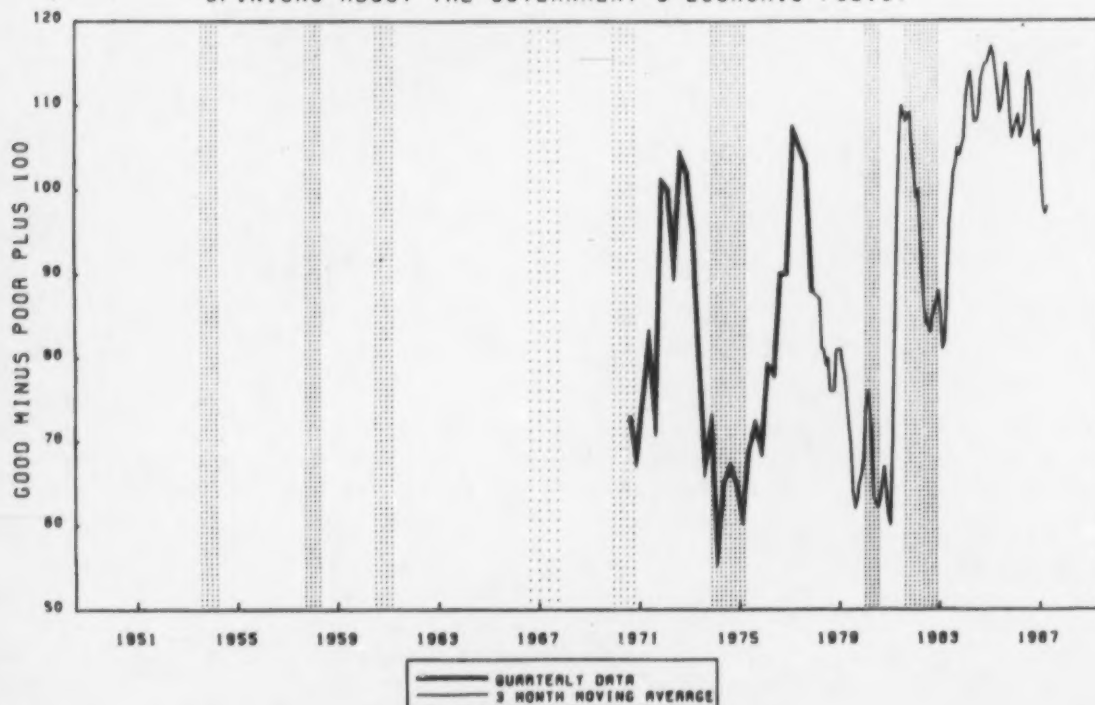


TABLE 20

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
A GOOD JOB	29%	30%	33%	29%	28%	22%	27%	28%	26%	20%	23%	23%	21%
ONLY FAIR	50	49	49	52	50	54	52	51	49	52	49	52	55
A POOR JOB	20	17	17	17	21	21	19	19	23	26	26	24	22
DK,NA	1	4	1	2	1	3	2	2	2	2	2	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

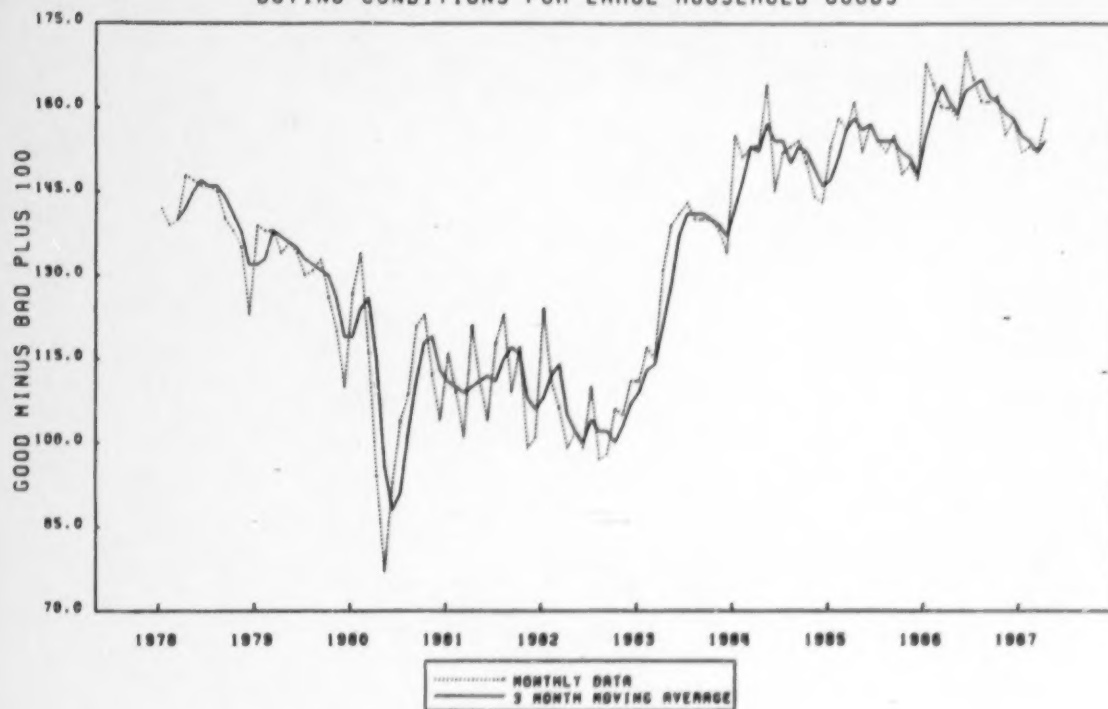


CHART 21 - HISTORICAL SERIES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

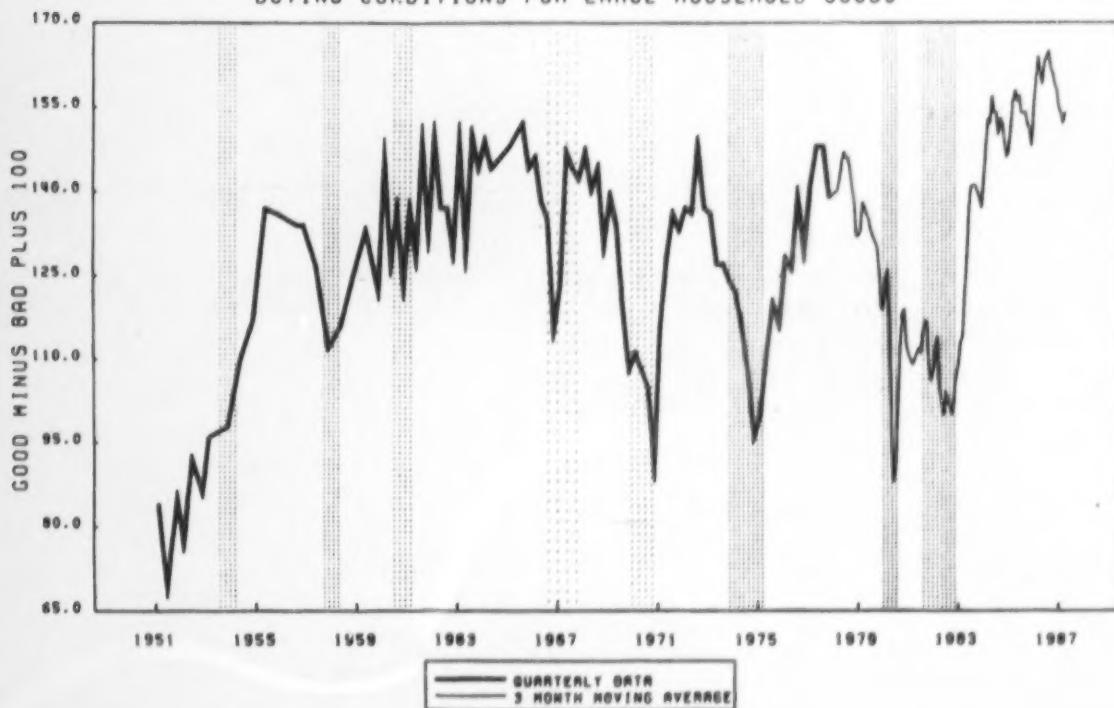


TABLE 21
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
GOOD TIME TO BUY	75%	75%	81%	79%	77%	76%	76%	72%	75%	72%	73%	71%	74%
UNCERTAIN, DEPENDS	10	8	8	7	7	9	10	11	8	8	7	10	10
BAD TIME TO BUY	15	17	11	14	16	15	14	17	17	20	20	19	16
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

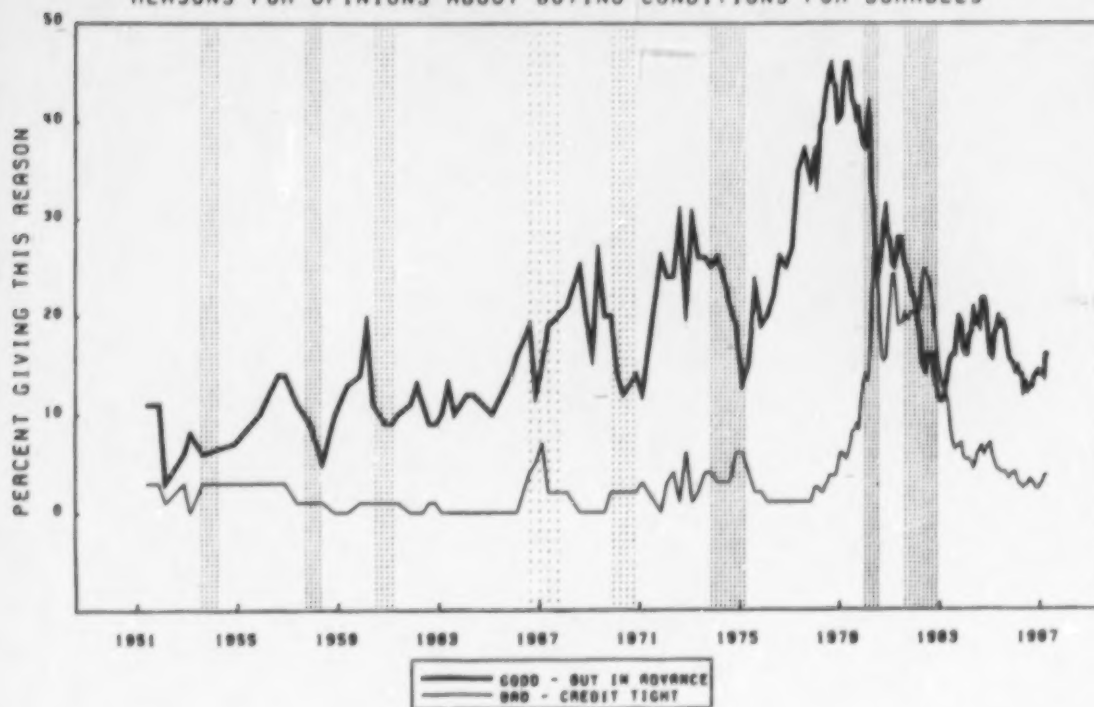


CHART 22B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

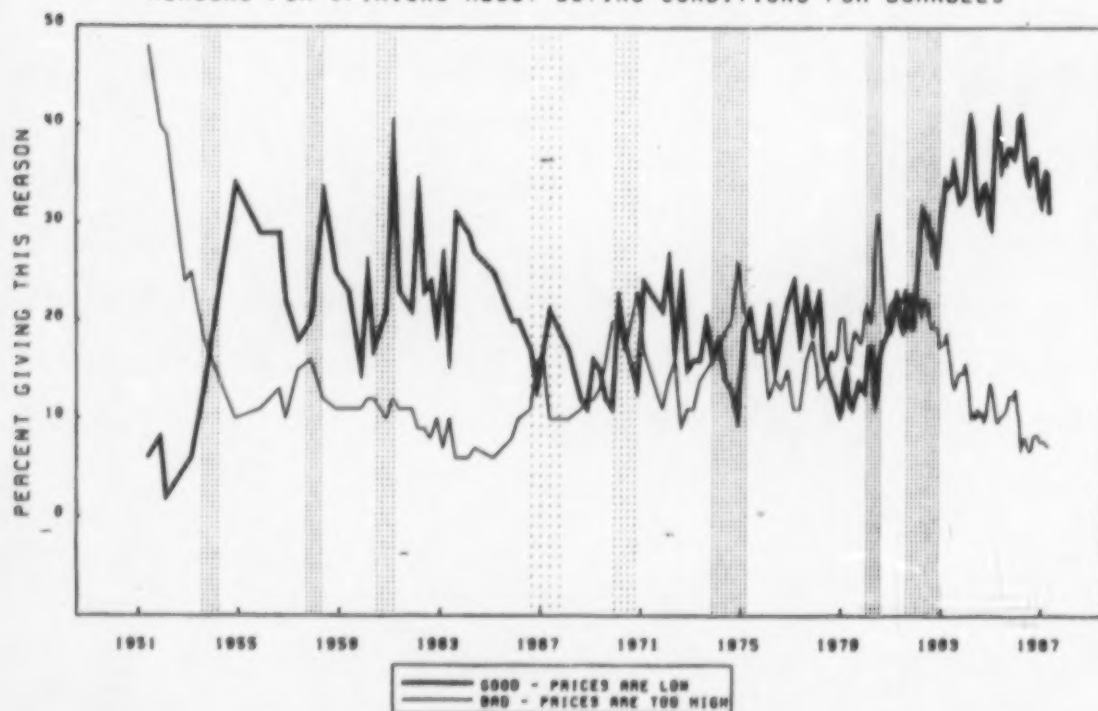


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	35%	33%	35%	40%	35%	35%	33%	30%	33%	40%	33%	32%	29%
Prices won't come down; are going higher	13	12	14	11	13	14	14	14	15	13	14	14	20
Interest rates low; credit is easy	29	31	31	26	26	29	26	25	18	20	21	23	21
BAD TIME TO BUY:													
Prices are high	9	7	6	7	8	10	7	8	8	7	8	7	7
Interest rates are high; credit is tight	3	2	3	3	4	2	2	3	2	3	4	4	3
Lack of purchasing power	7	9	5	6	7	8	7	8	6	8	7	8	5

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES



CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

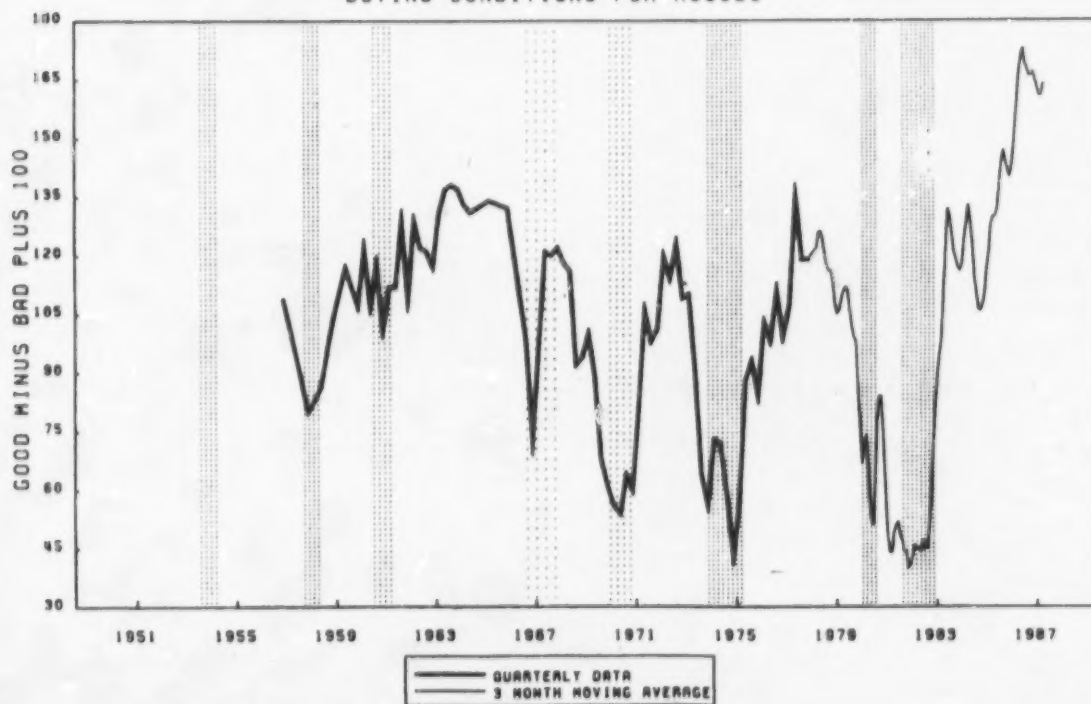


TABLE 23
BUYING CONDITIONS FOR HOUSES

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
GOOD TIME TO BUY	86%	83%	86%	82%	81%	83%	81%	83%	80%	76%	81%	80%	82%
UNCERTAIN, DEPENDS	3	4	1	1	3	2	2	2	4	4	2	4	1
BAD TIME TO BUY	11	13	13	17	16	15	17	15	16	20	17	16	17
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

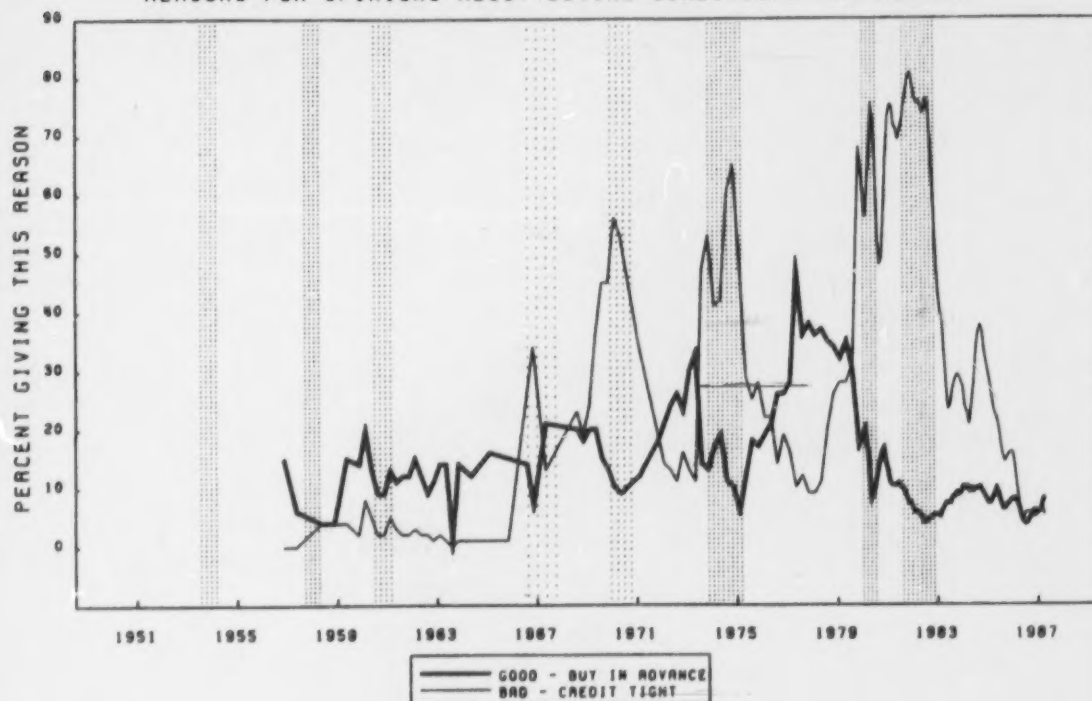


CHART 24B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

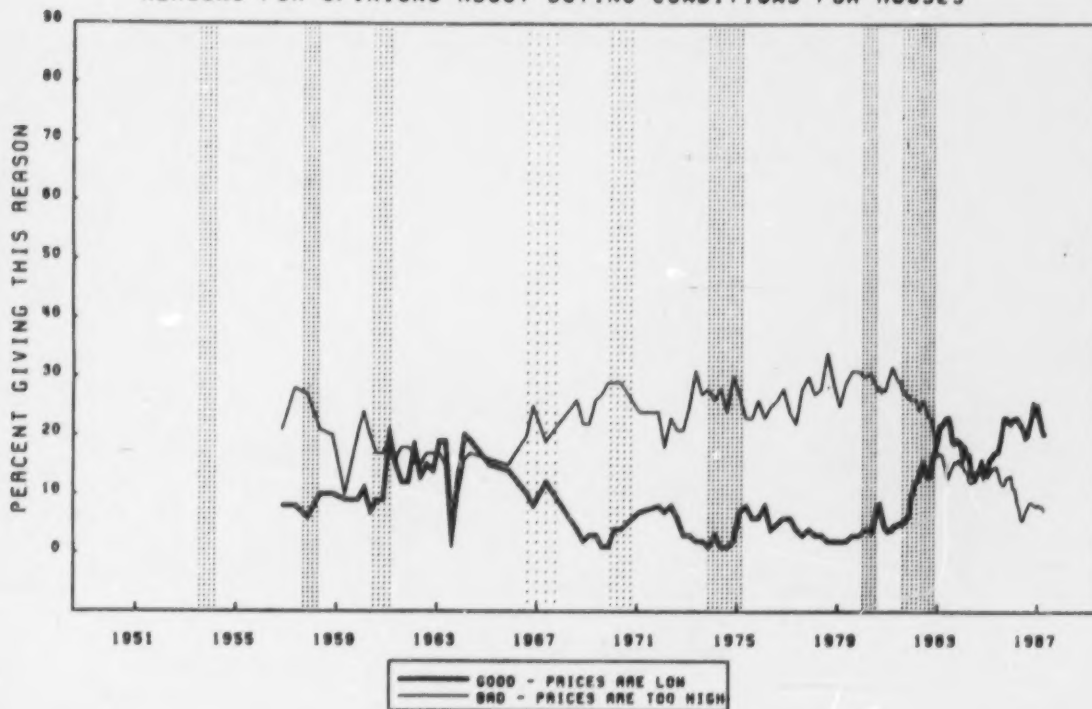


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	22%	20%	21%	18%	21%	26%	22%	27%	23%	24%	21%	19%	21%
Prices won't come down; are going higher	5	3	4	4	4	6	6	6	6	5	7	8	9
Interest rates low; credit is easy	83	80	83	77	78	79	75	75	73	69	74	71	71
Good investment	3	3	3	5	3	5	6	5	6	6	3	6	7
BAD TIME TO BUY:													
Prices are high	5	6	6	9	8	9	9	7	8	10	6	8	8
Interest rates are high; credit is tight	4	5	5	7	5	5	5	5	5	7	6	6	4
Lack of purchasing power	6	6	6	7	8	6	8	8	7	9	8	6	8

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

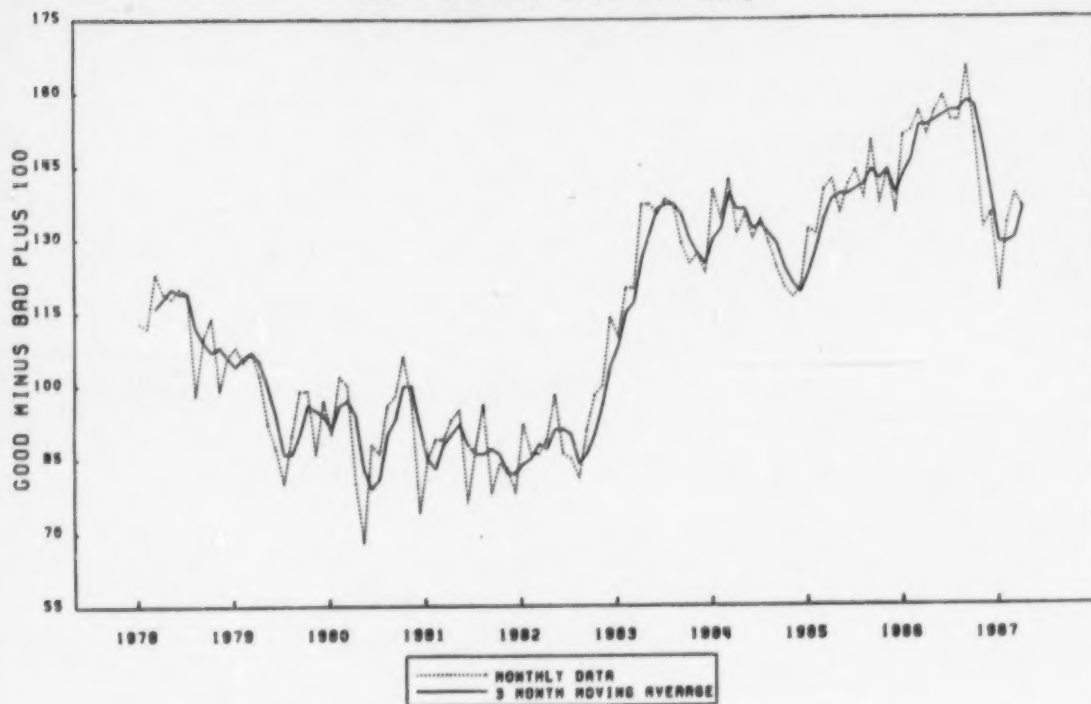


CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

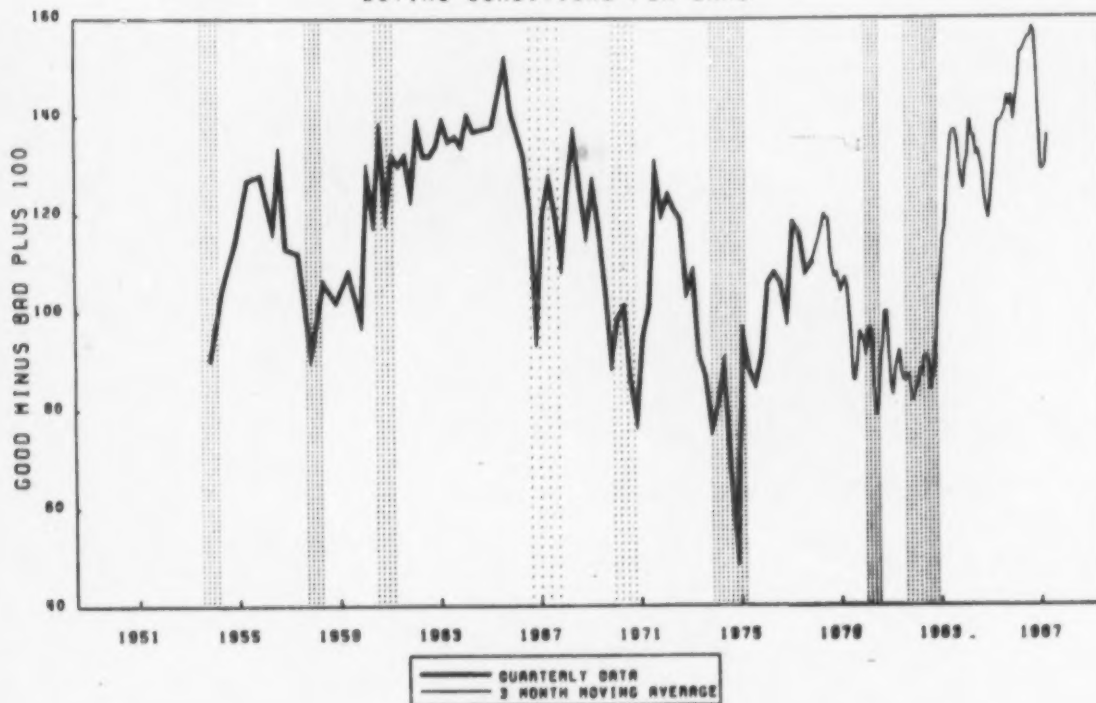


TABLE 25.

BUYING CONDITIONS FOR CARS

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
GOOD TIME TO BUY	73%	75%	77%	74%	73%	81%	72%	63%	64%	55%	62%	66%	64%
UNCERTAIN; DEPENDS	5	6	5	6	8	3	7	6	7	9	9	7	8
BAD TIME TO BUY	22	19	18	20	19	16	21	31	29	36	29	27	28
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	655	658	665	653	659	651	656	653	655	657	652	652

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

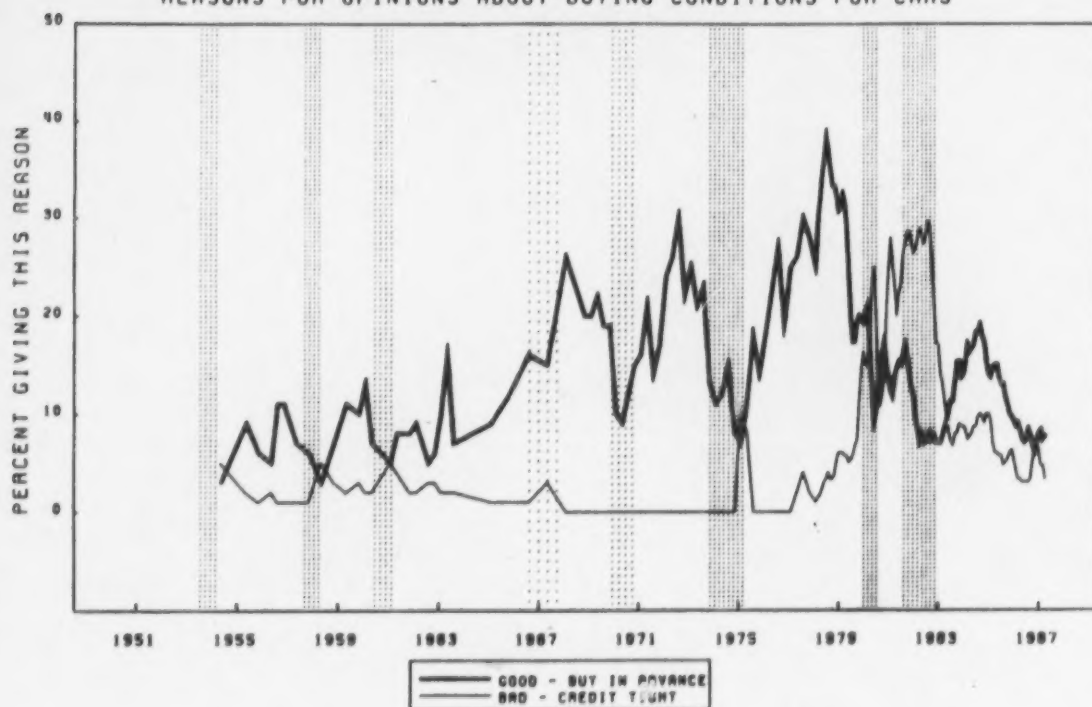


CHART 26B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

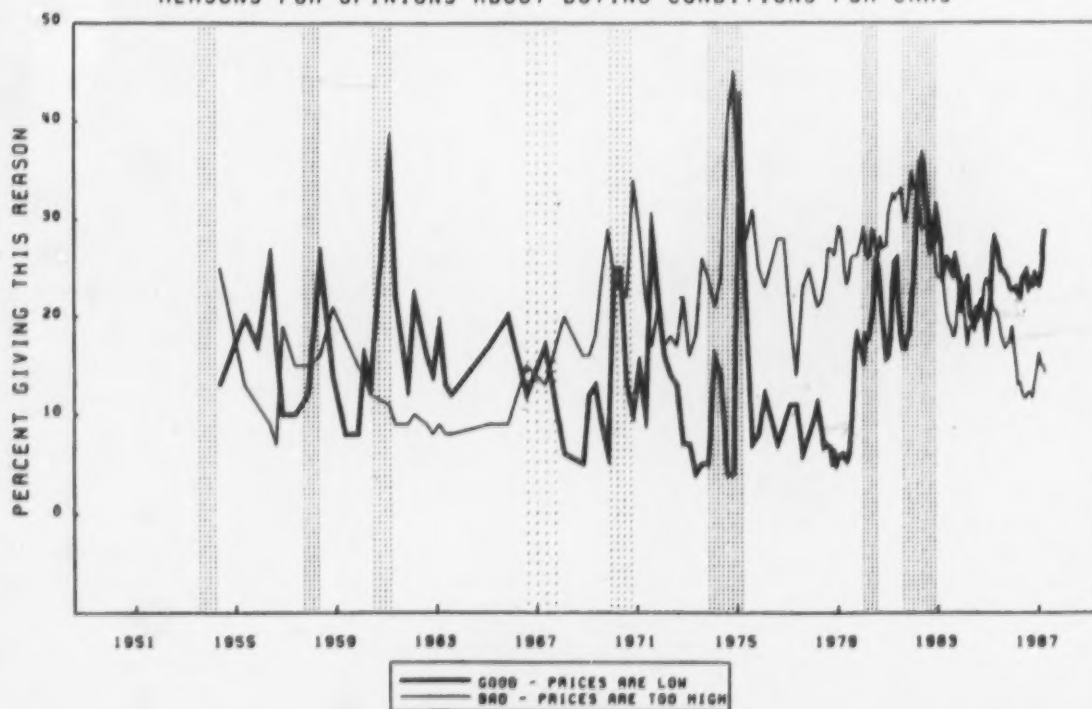


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	22%	28%	23%	23%	23%	25%	22%	26%	23%	21%	29%	29%	28%
Prices won't come down; are going higher	7	6	8	8	9	6	5	7	9	8	8	6	9
Interest rates low; credit is easy	54	58	62	53	52	73	58	43	45	34	38	44	40
New fuel efficient models	1	*	*	1	*	*	*	*	*	1	*	*	1
BAD TIME TO BUY:													
Prices are high	14	10	11	14	12	11	12	17	15	17	13	15	15
Interest rates are high; credit is tight	3	3	3	3	3	4	8	9	4	6	4	4	2
Lack of purchasing power	6	6	4	5	5	2	2	4	4	6	6	5	5
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	2	2	2	3	1	1	1	2	2	2	2	2	3

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

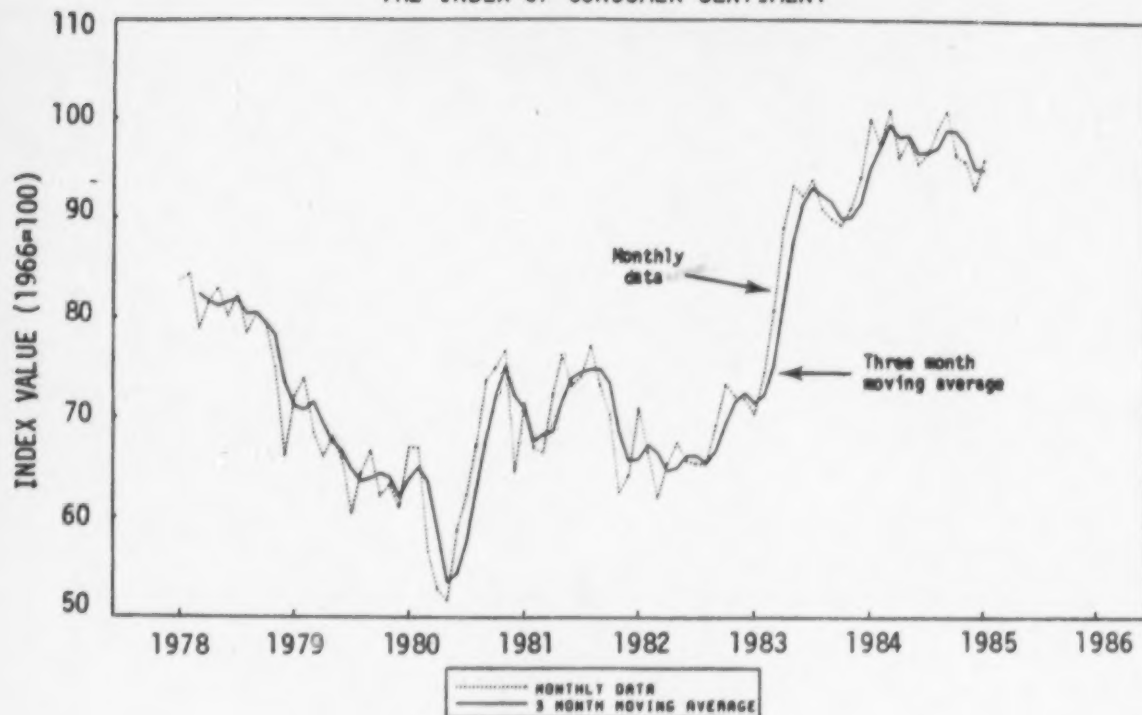
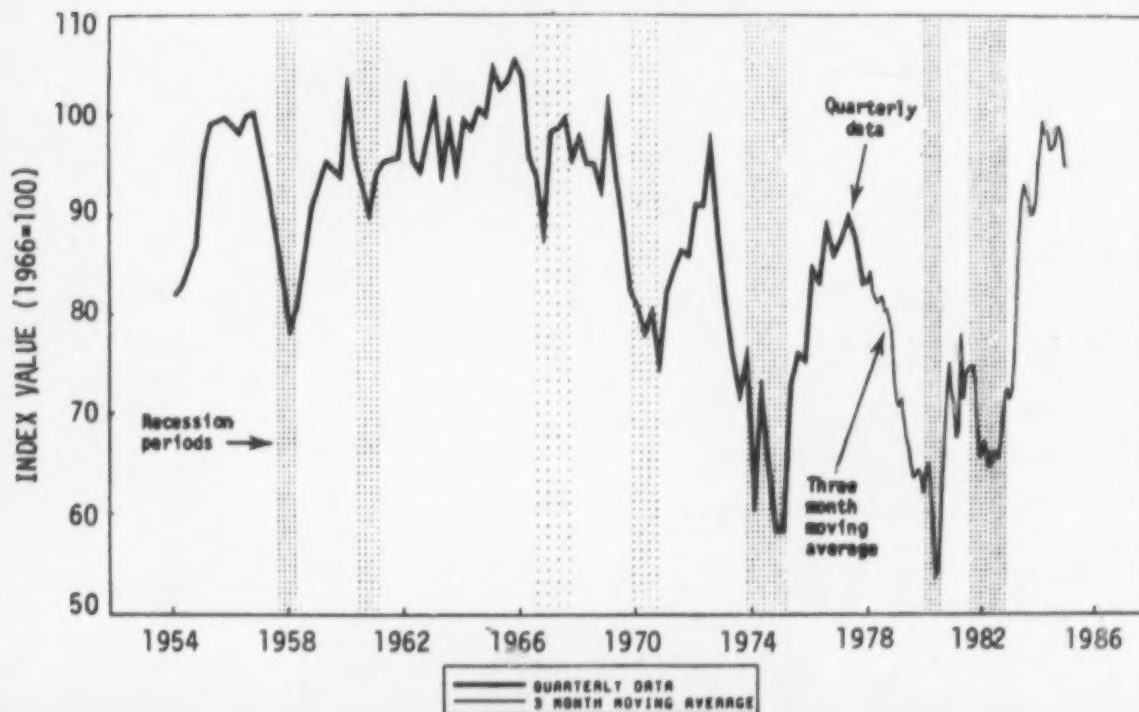


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

- QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.
- MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.
- THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES:	November 1948	-	October 1949
	July 1953	-	May 1954
	August 1957	-	April 1958
	April 1960	-	February 1961
	June 1966	-	November 1967*
	December 1969	-	November 1970
	November 1973	-	March 1975
	January 1980	-	July 1980
	July 1981	-	November 1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS^a OF SURVEY FINDINGS
(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	700 ^b	1,400 ^c	2,100 ^d
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

^aThe figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

^bAverage size of monthly surveys.

^cAverage size of two monthly surveys.

^dAverage size of three monthly surveys (one quarter).

June 5, 1987

MAY 1987 MONTHLY REPORT

Monitoring Economic Change Program

Surveys of Consumer Attitudes • Economic Outlook USA

INTEREST RATE EXPECTATIONS JUMP

- In the May 1987 survey, the Index of Consumer Sentiment was 91.1, down from 92.8 one month earlier, and 94.8 one year earlier. The May survey recorded significant increases in interest rate expectations. Thus far, the expected increases in interest and inflation rates have resulted in somewhat less favorable financial expectations, and have had a mixed impact on buying attitudes.
- Among families with incomes of \$30,000 or more the Index slid to 97.7 in May, from 98.5 one month earlier, and 105.5 one year earlier. During the past year, the overall decline in sentiment has been more pronounced among higher than among lower income families. Among families with incomes of under \$30,000, the Index was 87.1 in May 1987, nearly identical with the 87.7 recorded one year earlier.
- Interest rates were expected to increase during the year ahead by 71 percent of all families in the May 1987 survey, significantly above the 57 percent one month earlier, and nearly twice the 37 percent recorded at the start of the year. The last time interest rates were expected to increase by as many consumers was in March 1980, when credit controls were announced. At 71 percent, the May reading ties the highest proportion ever recorded to expect interest rate increases—first reached in November 1978 and again in March 1980.
- The inflation rate expected during the year ahead has also increased in recent months. In the May 1987 survey, consumers expected prices to increase at an annual rate of 4.7%, up from 3.7% one month earlier, and 3.4% one year earlier. The proportion of families that expect price increases of 5% or more has risen to 39 from 28 percent during the past year, while the proportion of families that expect no price increases has fallen to 15 from 31 percent.

The recent survey indicates the high degree of responsiveness of consumers to expected trends in interest rates. Their initial reaction has thus far been to lower favorable assessments of purchase conditions, but few consumers find the current level of interest rates a cause for postponement. Indeed, more consumers find cause to speed up purchase plans to avoid higher future rates. Such a reaction to temporary increases in interest rates, as occurred in the early part of this expansion, led to small but not cumulative declines in sales, as consumers acted to shift the timing of purchases. Sustained increases in interest rates over a protracted period, however, now represent a significant possibility, and the most serious threat to the sales outlook.

Although consumer optimism has all but disappeared, consumer pessimism has not risen in its place. Rather, consumer confidence has been anchored by the expectation of little sustained change in either direction. Recent increases in the expected rate of inflation, coupled with smaller expected income increases, have led the majority of consumers to expect no net change in their financial situation during the year ahead. While this is a more cautious outlook, it is not negative, as very few consumers expect their financial situation to worsen. Consequently, while such personal financial assessments do not provide support for spending increases, neither do they provide the premise for sharp spending cutbacks. This does, however, focus consumer spending decisions on the affordability of purchases, given little expected growth in real incomes. And it focuses evaluations of buying conditions on the availability of discounts.

Personal Financial Prospects Dimmed by Inflation

Consumers' assessments of their current financial situation have changed very little during the past year. In the May 1987 survey, 43 percent of all families reported that their financial situation had improved, just ahead of the 42 percent in the survey conducted one year earlier. In both surveys, the same proportion of families reported receiving income increases (32 percent), and the same proportion complained about rising prices (11 percent).

In contrast, when asked about the year ahead, families in the May 1987 survey were less optimistic than a year ago, with the proportion that expected their financial situation to improve falling to 32 from 40 percent. Importantly, the proportion of families that expected their finances to worsen has not increased, remaining at 11 percent. The proportion of families that expect increases in their nominal income has not changed much during the past year, but the size of the expected increase has declined. And given the expected increase in inflation, real income expectations have weakened.

Buying Attitudes Respond To Interest Rates

Favorable attitudes toward buying conditions for homes were held by 77 percent of all families in the May 1987 survey, down from 82 percent one month earlier, and 83 percent one year earlier. The proportion of families that mentioned the current availability of low mortgage rates fell to 50 in May 1987, from 76 percent one year earlier (see Table A). Partially offsetting this decline, a rising proportion of families thought that current mortgage rates were favorable insofar as they were only expected to be higher in the future. The appeal of borrowing-in-advance of rising mortgage rates was mentioned by 16 percent of all families in the May 1987 survey, up from just 4 percent one year earlier (see Table A and Chart A). In contrast, the appeal of buying-in-advance of rising home prices has increased only marginally, to 9 percent in May 1987, from 3 percent one year earlier.

Vehicle buying conditions were viewed favorably by 67 percent of all families in the May 1987 survey, just above the 64 percent recorded in April, but below the year earlier reading of 75 percent. Favorable references to the availability of discounted interest rates on vehicle purchases fell to 37 percent in May 1987, from 57 percent in May 1986. And unlike the reaction of consumers to rising mortgage rates, very few consumers reported the appeal of borrowing-in-advance of rising interest rates—just 3 percent in May 1987, up from 1 percent in 1986 (see Table A and Chart B). This reaction suggests that consumers expect that discounted interest rates will continue to be offered by vehicle manufacturers, and that these rates are not expected to significantly increase in the months ahead. Interestingly, there was a somewhat larger increase in the proportion of families in the May survey that reported the advantage of buying-in-advance of rising vehicle prices, moving to 13 percent in May 1987 from 6 percent one year earlier. In addition, complaints about high vehicle prices have risen to 15 from 10 percent during the past year. Despite this slippage, favorable views of prices for vehicles were still the most common assessment in the May 1987 survey, reported by 27 percent of all families.

Favorable attitudes toward buying conditions for large household durables were held by 76 percent of all families in the May 1987 survey, just above the 74 percent recorded one month earlier, and the 75 percent recorded one year earlier. These very favorable attitudes were based on the availability of price discounts, reported by 33 percent of all families both this May and last. In addition, the appeal of buying-in-advance of rising prices has increased during the past year, rising to 20 from 12 percent. In the May survey, references to the availability of lower interest rates on purchases of household durable goods fell to 16 from 30 percent.

Majority Expect Unchanged Business Conditions

The proportion of families that thought the economy had improved during the prior year fell to 43 percent in May 1987, from 54 percent one year earlier. And nearly as many respondents expected the national economy to improve as to worsen during the year

ahead (22 versus 20 percent). Importantly, however, the majority of respondents expected the performance of the national economy to be unchanged during the year ahead (57 percent). And the majority expected this to mean the continuation of good times financially in the economy as a whole during the year ahead (51 percent in May 1987, down from 60 percent in 1986). Over the longer run, however, the more common expectation was that an economic recession was likely to occur during the next five years, by the margin of 47 to 36 percent.

• • •

The May 1987 survey was conducted between April 30 and May 29, 1987, and included 651 completed interviews.

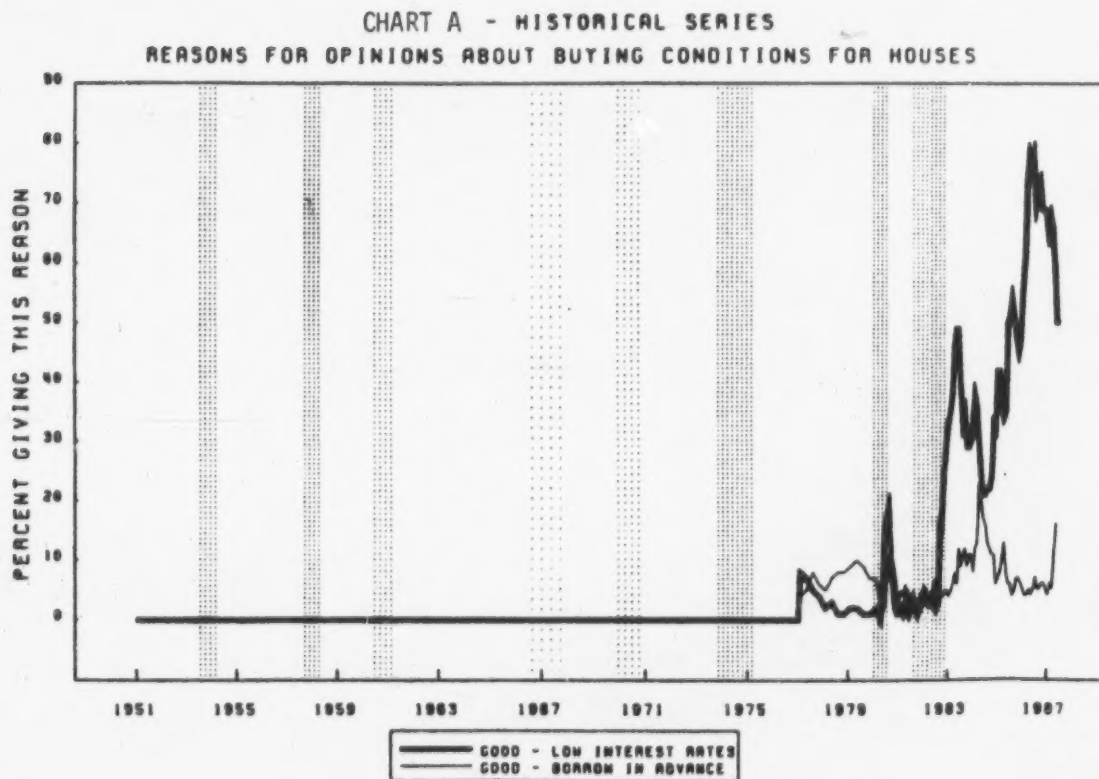


CHART B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

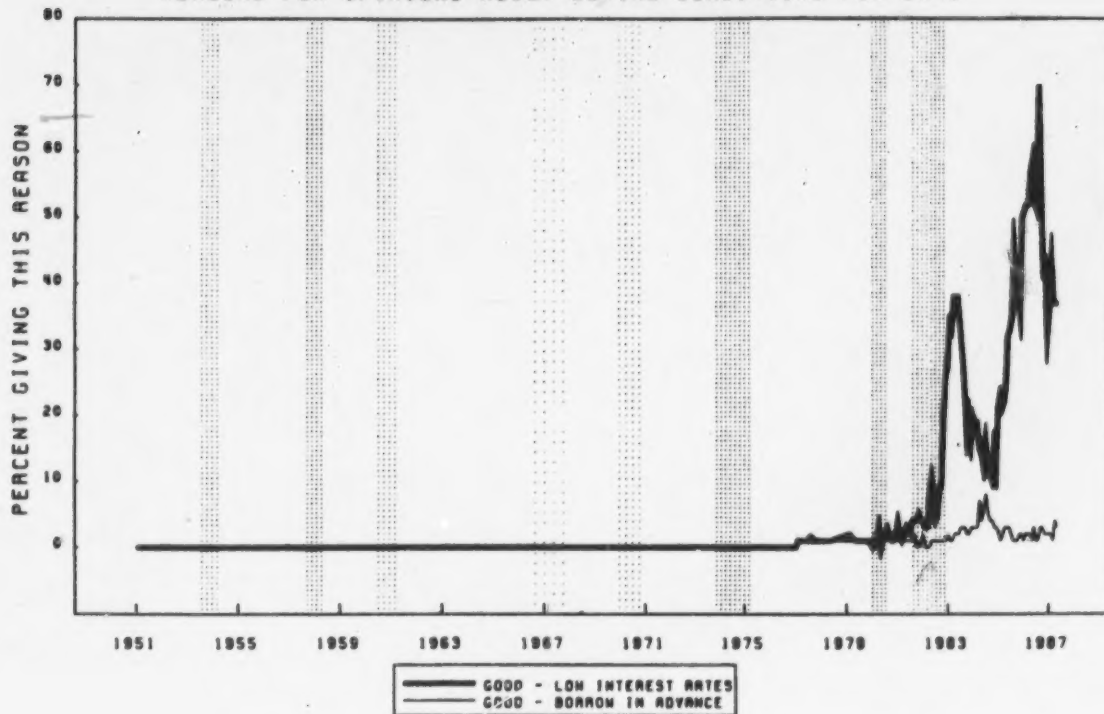


CHART C - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

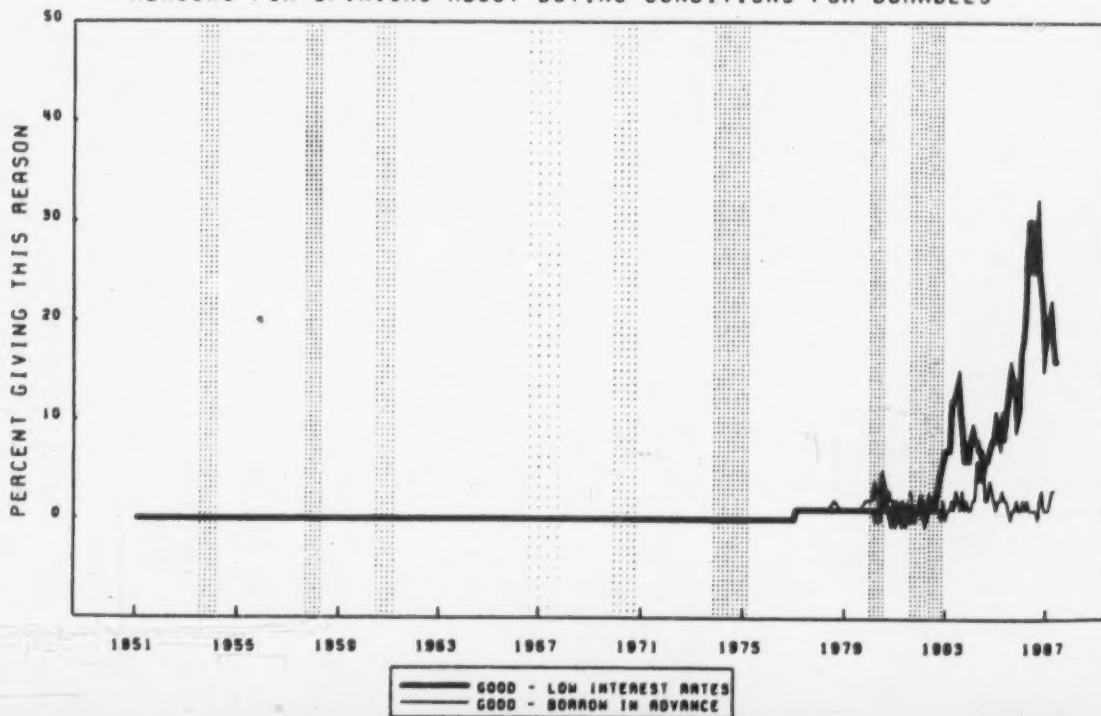


TABLE A

**REFERENCES TO INTEREST RATES IN SUPPORT
OF FAVORABLE BUYING CONDITIONS**

Survey Date	Durables		Houses ^a		Vehicles	
	Low Rates	BIA ^b Rates	Low Rates	BIA Rates	Low Rates	BIA Rates
January 1983	7%	*	33%	4%	27%	2%
February 1983	7	1	35	5	34	1
March 1983	7	1	38	6	33	1
April 1983	12	2	46	8	38	2
May 1983	12	1	49	6	38	2
June 1983	13	3	49	12	38	2
July 1983	14	2	40	9	34	3
August 1983	11	1	33	11	30	3
September 1983	9	3	35	12	25	3
October 1983	6	1	29	9	17	2
November 1983	6	2	29	11	20	2
December 1983	6	1	30	11	16	3
January 1984	8	1	33	8	20	3
February 1984	9	2	38	12	19	3
March 1984	8	2	36	13	19	3
April 1984	8	6	29	23	15	7
May 1984	7	4	24	20	14	4
June 1984	7	4	21	17	12	6
July 1984	5	5	21	16	16	8
August 1984	6	2	22	13	12	5
September 1984	6	2	22	12	11	4
October 1984	7	4	24	11	10	4
November 1984	8	3	33	11	15	3
December 1984	8	2	32	6	12	3
January 1985	10	1	42	7	21	2
February 1985	9	2	42	8	23	1
March 1985	8	2	38	10	21	2
April 1985	10	3	34	13	22	3
May 1985	9	2	35	8	25	3
June 1985	11	2	50	6	32	3
July 1985	13	1	51	6	33	2
August 1985	15	*	54	4	35	1
September 1985	14	1	51	5	45	1
October 1985	14	1	48	7	40	1
November 1985	10	2	45	7	38	2
December 1985	11	1	47	6	35	2
January 1986	17	1	55	5	50	1
February 1986	18	2	60	4	51	2
March 1986	21	1	73	4	52	2
April 1986	27	2	78	5	52	2
May 1986	30	1	76	4	57	1
June 1986	30	1	78	5	59	3

**REFERENCES TO INTEREST RATES IN SUPPORT OF
FAVORABLE BUYING CONDITIONS(Cont'd)**

Survey Date		Durables		Houses ^a		Vehicles	
		Low Rates	BIA ^b Rates	Low Rates	BIA Rates	Low Rates	BIA Rates
July	1986	25%	1%	70%	7%	52%	1%
August	1986	25	1	73	5	51	1
September	1986	29	*	74	5	70	3
October	1986	24	2	69	6	55	3
November	1986	22	3	69	6	42	2
December	1986	17	1	68	5	43	2
January	1987	19	1	65	4	32	2
February	1987	20	1	68	6	36	2
March	1987	21	2	66	5	43	1
April	1987	18	3	60	11	37	4
May	1987	16	3	50	16	37	3

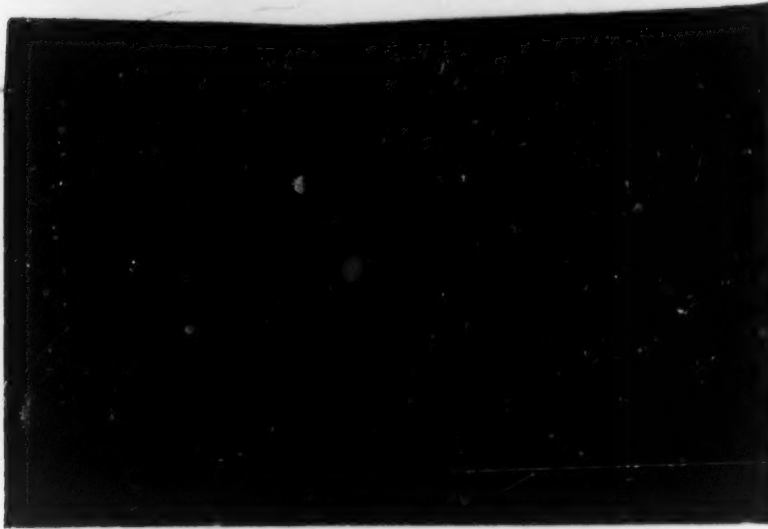
* Less than 0.5 percent.

^a Also includes homes, home repairs and real estate.

^b The proportions given above provide greater detail than is reported in the monthly tables (see Tables 22, 24 and 26). The figures above divide the total proportion of respondents that made favorable references to credit conditions into those respondents that referred to the current availability of low interest rates, and those that referred to borrowing-in-advance (BIA) of rising interest rates.

6/17/87 U7475-2A

SURVEYS OF CONSUMER ATTITUDES



Institute for Social Research

TABLES AND CHARTS

MAY 1987

The May 1987 survey is the 226th in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

While every effort is made to accurately measure consumer attitudes and expectations, factors other than sampling may also affect the accuracy of these (and other) findings. These factors may include effects of the question wording, the ability of respondents to articulate answers and opinions, refusal to participate in the survey, and incomplete coverage of the population. There are no standard measures of these effects, but their presence should be acknowledged when using these and all other survey data. While measurement effects are present in all surveys, a noted advantage of time-series data is that the non-sampling influences remain relatively constant over samples.

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7	Trend in Personal Financial Situation
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CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

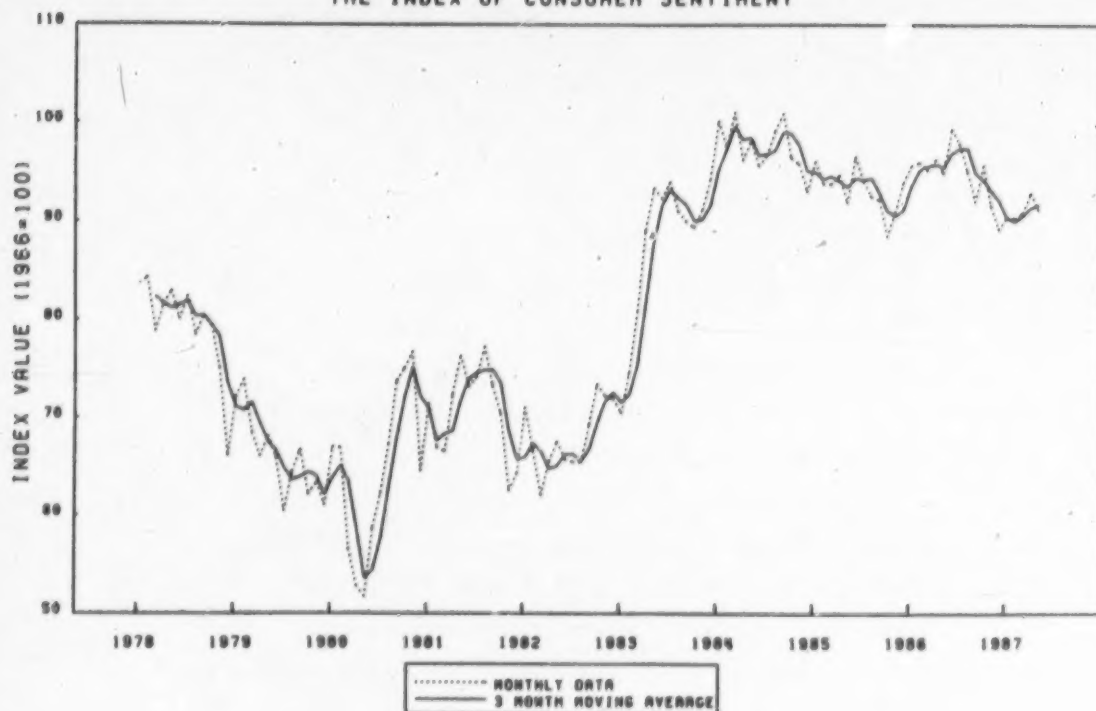


CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

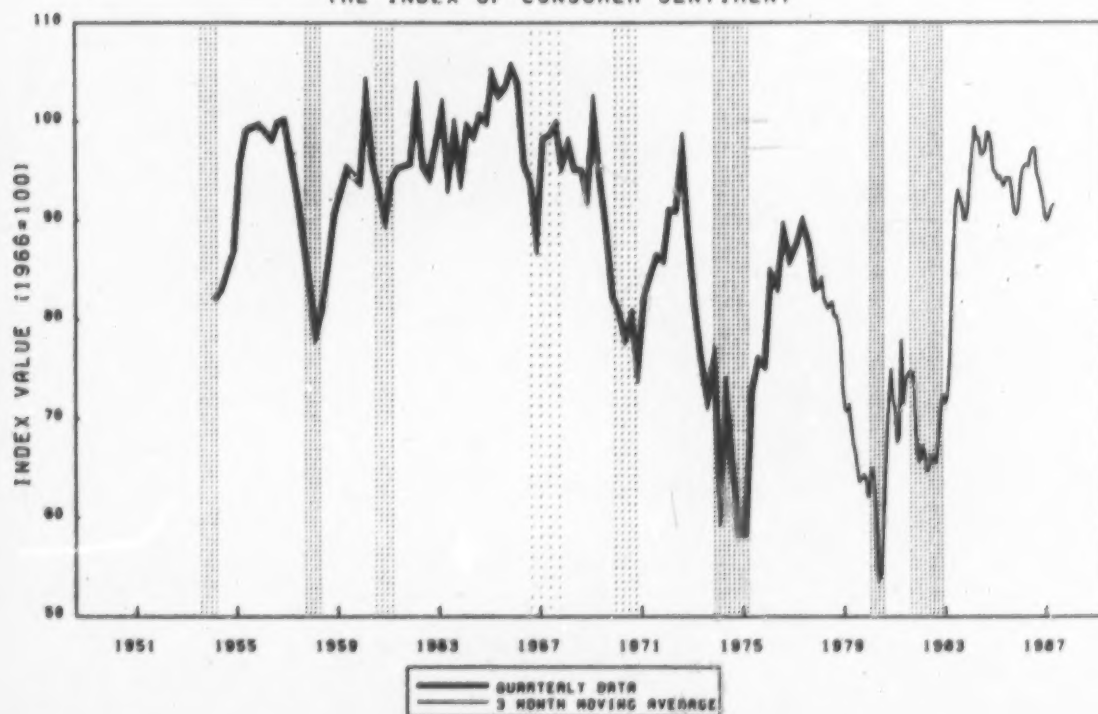


TABLE 1

THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY		All families	Families with incomes over \$30,000	Families with incomes over \$40,000
May	1984	98.1	107.8	108.9
June	1984	95.5	105.5	108.6
July	1984	96.6	102.7	109.2
August	1984	99.1	113.3	116.4
September	1984	100.9	110.8	112.9
October	1984	96.3	113.5	114.8
November	1984	95.7	112.9	113.6
December	1984	92.9	101.5	101.7
January	1985	96.0	110.2	112.1
February	1985	93.7	113.8	113.8
March	1985	93.7	110.8	114.4
April	1985	94.6	108.9	114.9
May	1985	91.8	105.3	107.7
June	1985	96.5	107.4	110.3
July	1985	94.0	105.2	109.5
August	1985	92.4	106.7	110.2
September	1985	92.1	101.7	104.9
October	1985	88.4	99.6	107.4
November	1985	90.9	100.8	100.3
December	1985	93.9	106.0	108.3
January	1986	95.6	109.7	110.1
February	1986	95.9	107.8	109.0
March	1986	95.1	102.9	110.2
April	1986	96.2	106.9	111.0
May	1986	94.8	105.5	109.9
June	1986	99.3	110.6	112.4
July	1986	97.7	109.6	108.5
August	1986	94.9	105.0	106.6
September	1986	91.9	99.5	102.1
October	1986	95.6	102.8	105.5
November	1986	91.4	97.5	98.7
December	1986	89.1	98.7	98.3
January	1987	90.4	101.2	104.0
February	1987	90.2	103.6	103.6
March	1987	90.8	97.8	96.1
April	1987	92.8	98.5	103.1
May	1987	91.1	97.7	99.2

TABLE 2
INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY		CENSUS REGION				AGE OF RESPONDENT		
		North East	North Central	South	West	18-34	35-54	55+
May	1984	98.8	96.3	96.5	103.9	107.5	98.8	86.6
June	1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July	1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August	1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September	1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October	1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November	1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December	1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January	1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February	1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March	1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April	1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May	1985	88.8	94.0	91.9	91.3	103.2	87.9	84.6
June	1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July	1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August	1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September	1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October	1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November	1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December	1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January	1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8
February	1986	103.4	92.7	93.2	98.0	109.7	94.1	83.8
March	1986	99.1	94.9	91.3	98.9	109.1	96.0	82.0
April	1986	102.7	92.3	94.4	99.5	104.8	97.8	83.6
May	1986	101.2	90.1	93.5	98.8	104.9	99.9	78.3
June	1986	106.2	94.1	98.5	102.7	112.7	97.9	86.6
July	1986	103.9	93.4	101.7	94.7	108.2	98.6	84.5
August	1986	102.5	92.6	90.5	98.2	107.9	95.2	80.1
September	1986	94.6	87.0	91.9	95.8	106.3	92.4	76.1
October	1986	99.1	90.0	96.5	99.3	102.5	97.3	85.7
November	1986	95.8	85.6	93.2	92.3	99.5	94.2	80.4
December	1986	91.8	90.4	89.5	84.0	98.0	91.3	78.3
January	1987	98.1	85.9	96.0	83.9	99.9	91.2	78.4
February	1987	92.4	89.5	90.7	89.2	99.1	89.2	81.5
March	1987	104.6	86.3	87.5	91.2	106.4	89.3	77.7
April	1987	99.4	91.7	93.7	87.2	99.0	95.1	83.5
May	1987	91.3	92.9	92.1	87.1	99.5	92.8	82.1

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

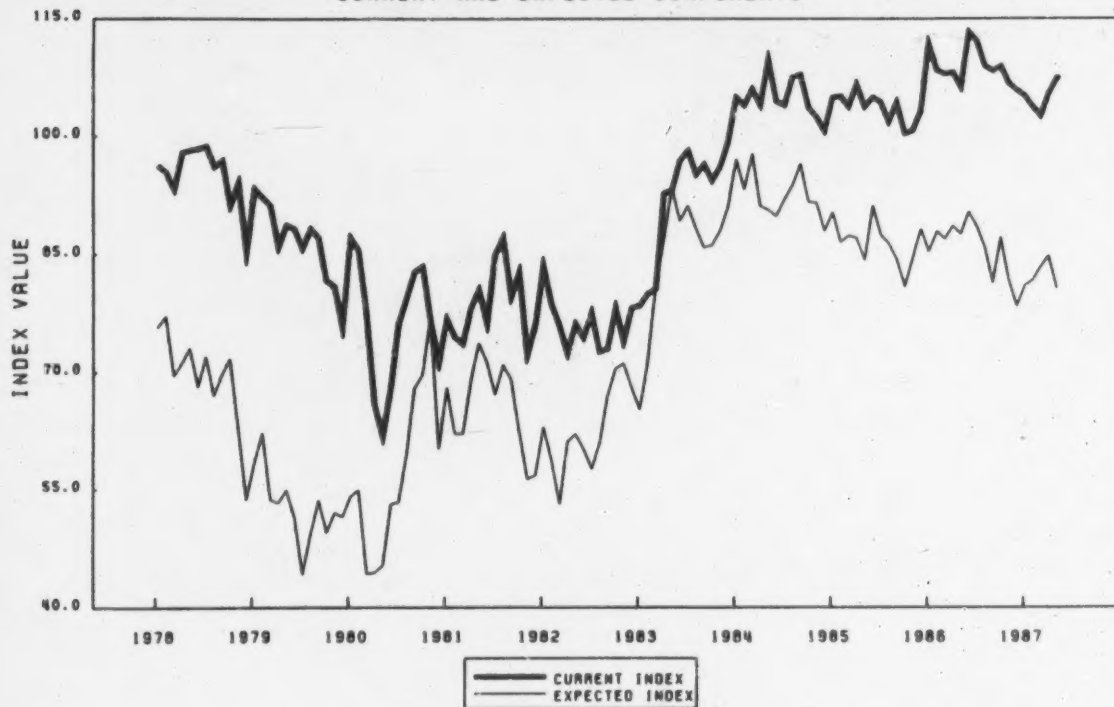


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

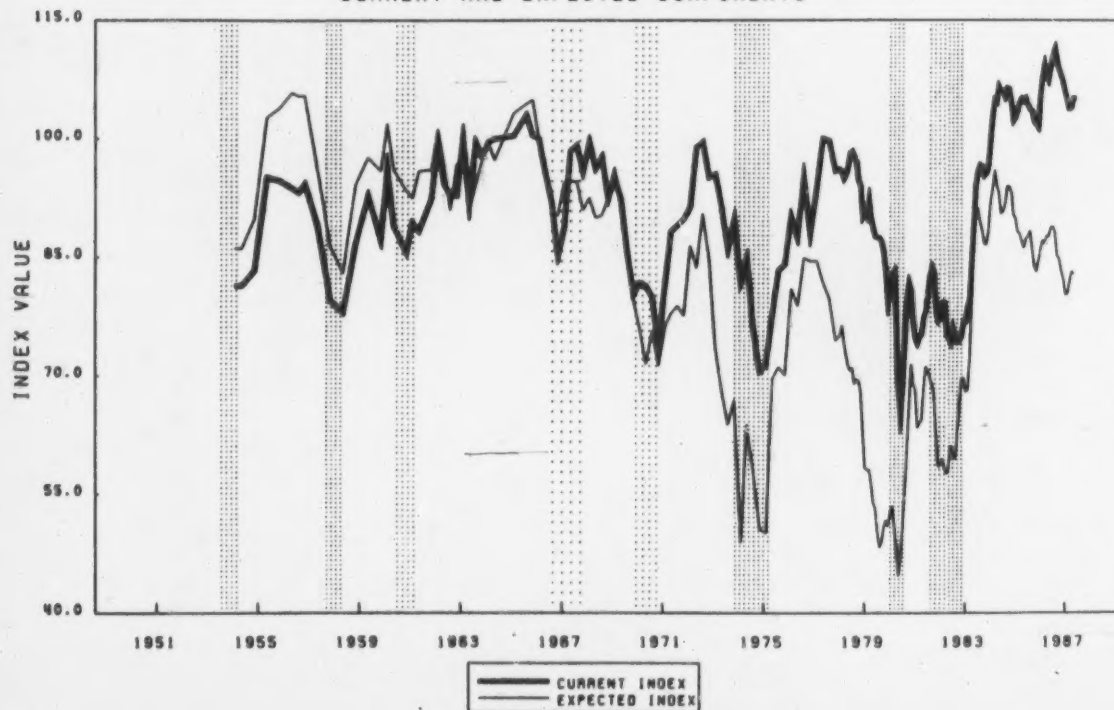


TABLE 3

COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

		INDEX COMPONENTS +							
		Personal finances		Business conditions		Buying conds.	Current Index	Expected Index	
		Current	Expected	12 months	5 years				
DATE OF SURVEY		(1)	(2)	(3)	(4)	(5)	(1,5)	(2,3,4)	
May 1984		121	129	131	105	164	109.8	90.6	
June 1984		126	124	131	106	145	104.4	89.8	
July 1984		117	124	133	113	152	103.9	91.9	
August 1984		125	129	137	111	153	107.5	93.7	
September 1984		125	131	142	116	154	107.8	96.4	
October 1984		118	127	134	107	150	103.6	91.6	
November 1984		121	129	132	107	144	102.4	91.5	
December 1984		118	125	131	98	143	100.6	87.9	
January 1985		119	124	135	104	153	104.9	90.3	
February 1985		115	120	131	96	158	105.1	86.5	
March 1985		112	123	133	96	156	103.7	87.3	
April 1985		116	127	128	95	161	106.6	87.0	
May 1985		116	120	121	97	152	103.7	84.2	
June 1985		115	127	133	106	157	104.9	91.1	
July 1985		116	124	129	98	154	104.3	87.4	
August 1985		112	123	125	99	152	101.8	86.3	
September 1985		116	124	118	96	155	104.3	84.2	
October 1985		111	123	111	90	148	100.3	80.8	
November 1985		111	124	120	96	150	100.7	84.5	
December 1985		120	124	127	103	147	103.1	88.1	
January 1986		122	123	126	93	168	111.8	85.3	
February 1986		117	123	132	98	164	108.4	87.8	
March 1986		120	124	129	96	160	107.9	86.9	
April 1986		120	128	133	94	160	108.1	88.5	
May 1986		117	129	131	92	158	106.2	87.5	
June 1986		124	127	136	100	170	113.3	90.3	
July 1986		126	130	131	94	165	112.1	88.5	
August 1986		121	128	123	94	161	108.9	85.9	
September 1986		120	127	115	84	161	108.3	81.3	
October 1986		120	127	124	99	162	108.9	87.1	
November 1986		121	121	120	87	155	106.7	81.6	
December 1986		116	127	104	83	158	105.8	78.3	
January 1987		120	130	117	77	152	105.1	80.9	
February 1987		115	126	117	84	153	103.7	81.6	
March 1987		114	122	121	92	152	102.5	83.3	
April 1987		116	127	116	97	158	105.5	84.7	
May 1987		117	121	114	89	161	107.4	80.6	

(1) See Table 4.

(2) See Table 6.

(3) See Table 18.

(4) See Table 19.

(5) See Table 26.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

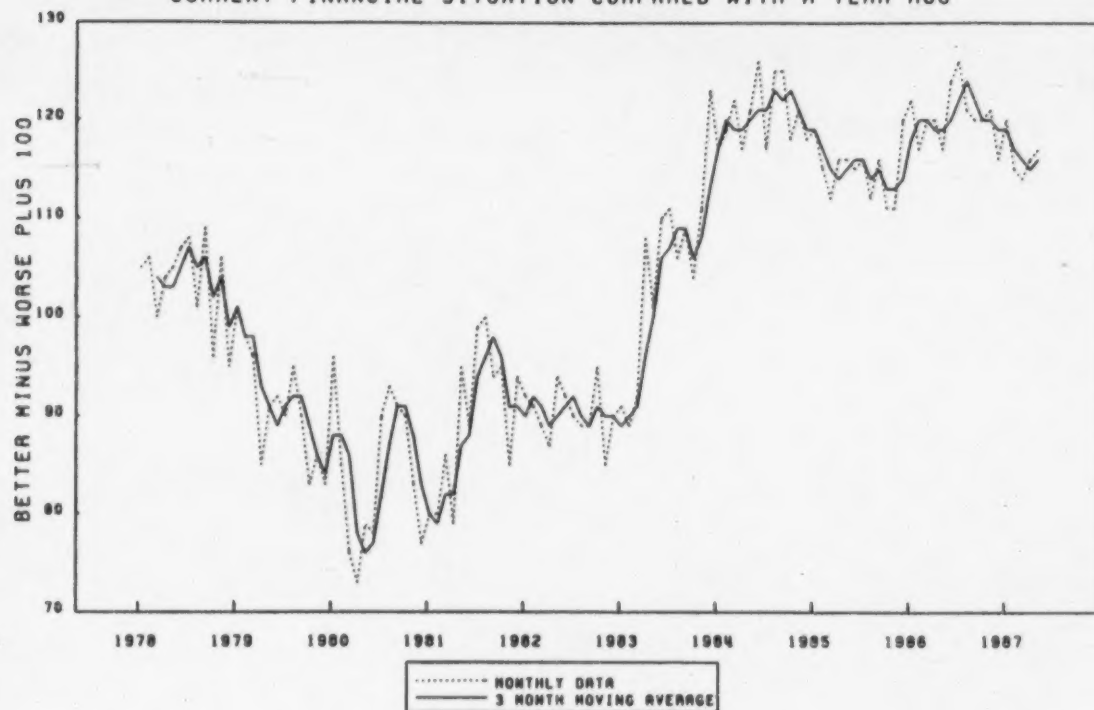


CHART 4 - HISTORICAL SERIES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

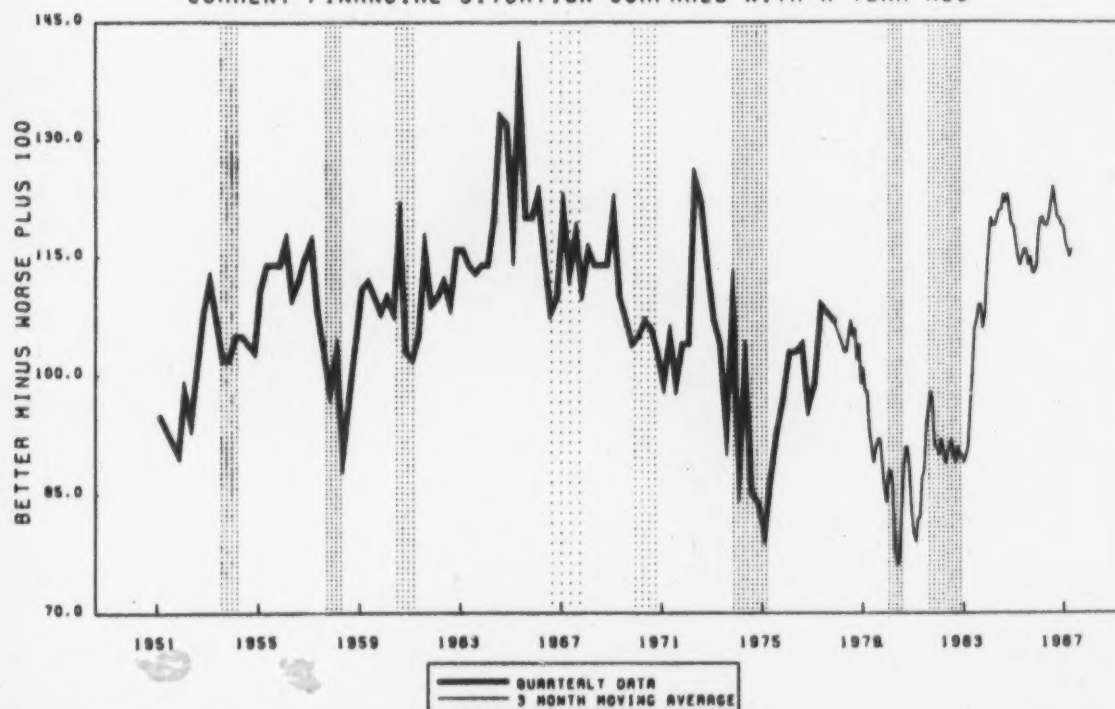


TABLE 4
CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987
BETTER OFF	42%	47%	49%	46%	45%	44%	43%	43%	45%	44%	41%	42%	43%
SAME	33	29	28	28	30	32	35	30	29	27	32	32	31
WORSE OFF	25	23	23	25	25	24	22	27	25	29	27	26	26
DK, NA	*	1	*	1	*	*	*	*	1	*	*	*	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	658	665	653	659	651	656	653	655	657	652	652	651

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

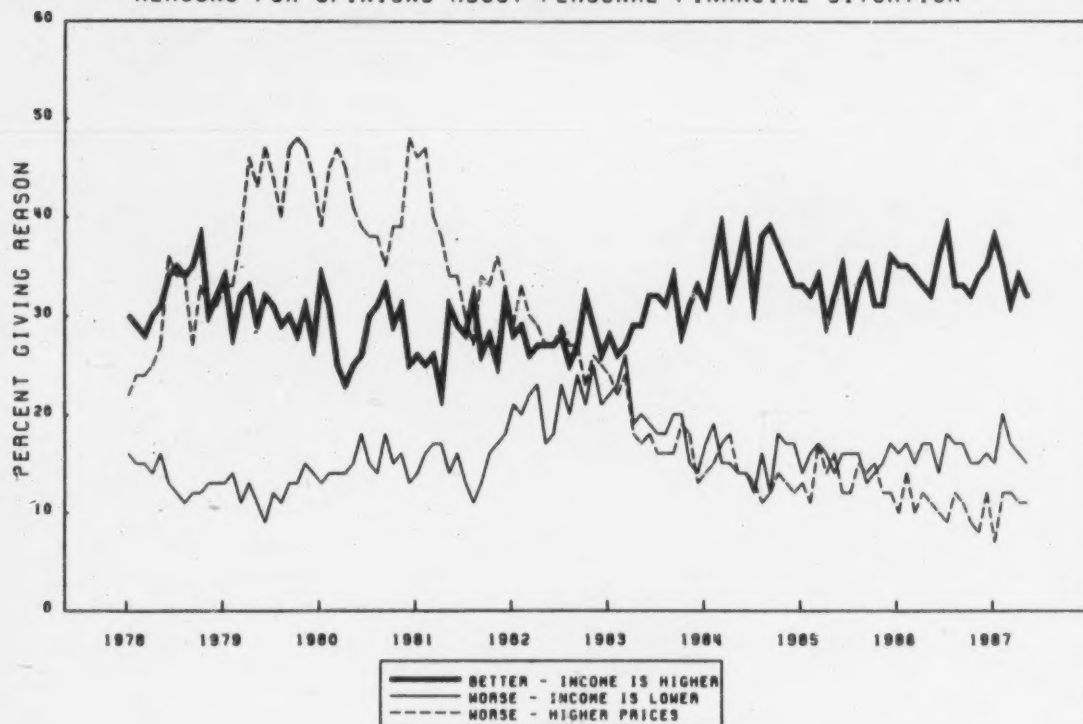


CHART 5 - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

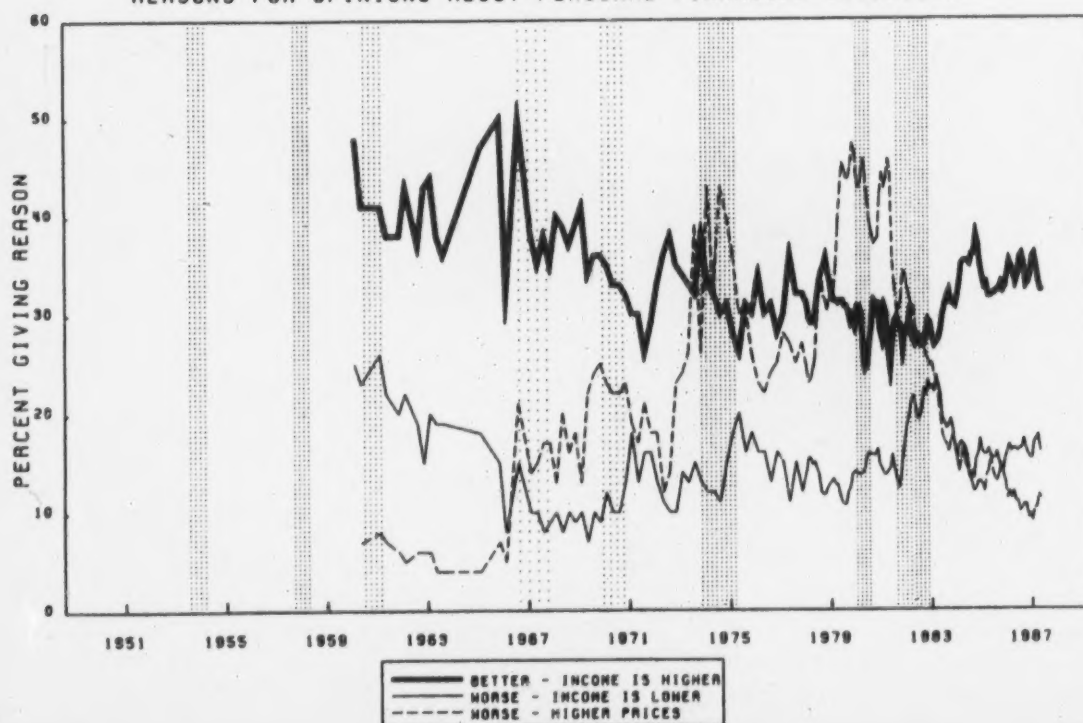


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987
BETTER OFF THAN YEAR AGO:													
Income is higher	32%	36%	39%	33%	33%	32%	34%	35%	38%	35%	31%	34%	32%
WORSE OFF THAN YEAR AGO:													
Income is lower	17	14	18	17	17	15	15	16	15	20	17	16	15
Higher prices	11	10	9	12	11	9	8	12	7	12	12	11	11

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES
EXPECTED CHANGE IN FINANCIAL SITUATION

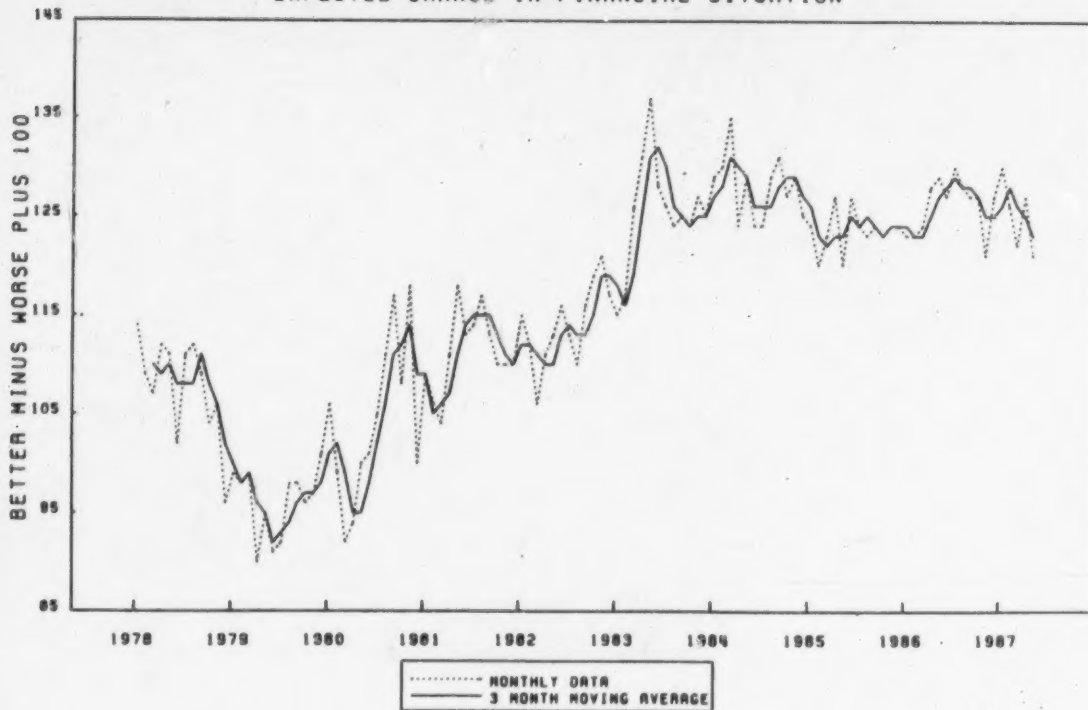


CHART 6 - HISTORICAL SERIES
EXPECTED CHANGE IN FINANCIAL SITUATION

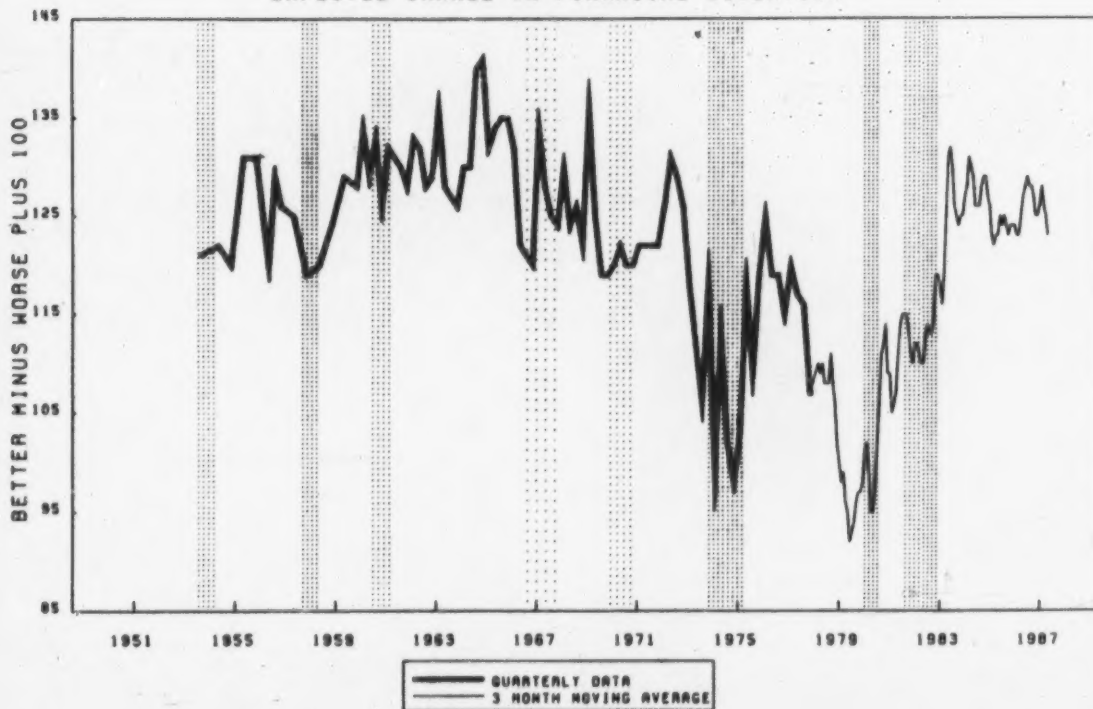


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987
BETTER OFF	40%	38%	38%	39%	38%	37%	33%	36%	39%	38%	33%	37%	32%
SAME	47	49	52	48	47	51	52	52	48	48	53	49	54
WORSE OFF	11	11	8	11	11	10	12	9	9	12	11	10	11
DK, NA	2	2	2	2	4	2	3	3	4	2	3	4	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	658	665	653	659	651	656	653	655	657	652	652	651

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION

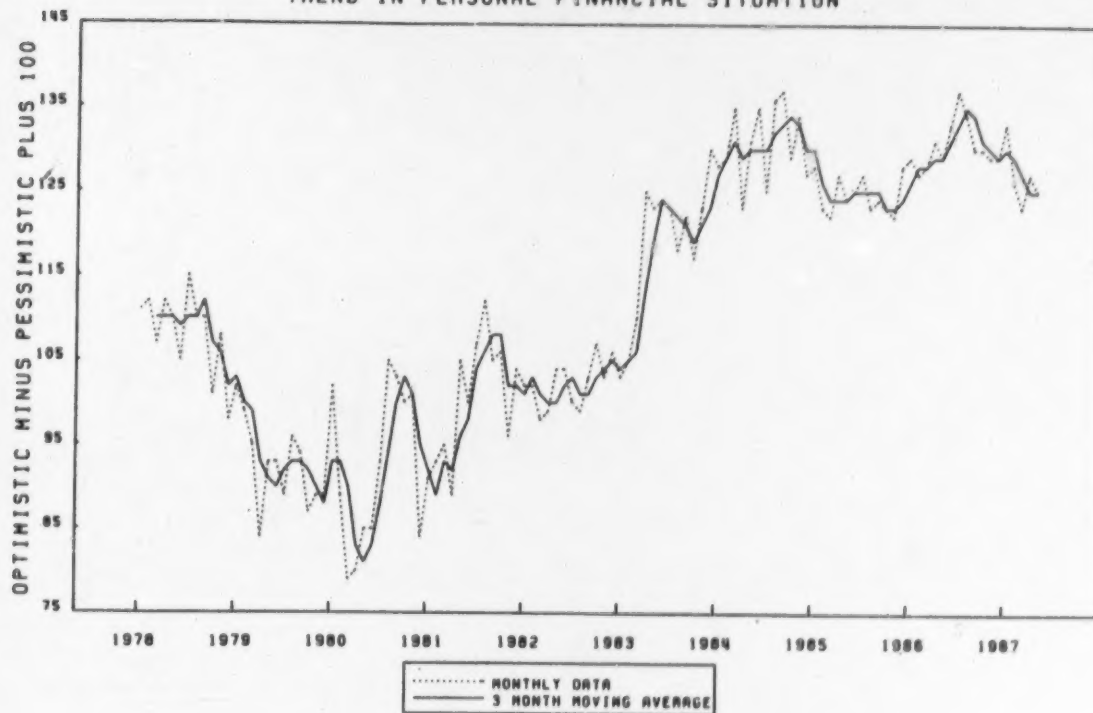


CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION

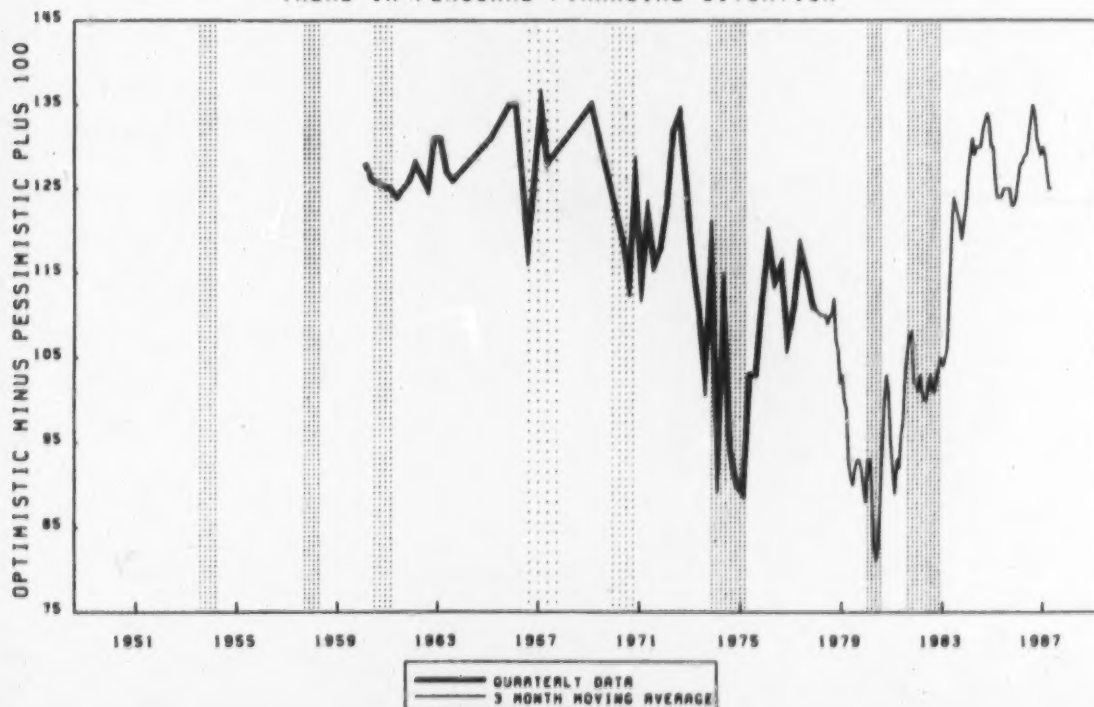


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	22%	22%	23%	21%	21%	22%	18%	18%	22%	22%	19%	19%	17%
Intermittant increase (b)	26	29	29	32	29	27	29	29	28	27	25	28	28
Remain unchanged (c)	19	18	19	15	16	19	22	19	17	15	22	17	20
Intermittant decline (d)	15	14	12	13	15	16	13	14	14	17	16	17	16
Continuous decline (e)	4	4	3	6	5	3	5	4	3	6	5	3	4
Mixed change (f)	11	11	11	11	10	11	10	13	12	11	10	12	12
DK, NA	3	2	3	2	4	2	3	3	4	2	3	4	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	658	665	653	659	651	656	653	655	657	652	652	651

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
 (b) Better/Same or Same/Better
 (c) Same/Same
 (d) Worse/Same or Same/Worse
 (e) Worse/Worse
 (f) Worse/Better or Better/Worse

CHART B - RECENT CHANGES
 MEDIAN EXPECTED CHANGE IN FAMILY INCOME

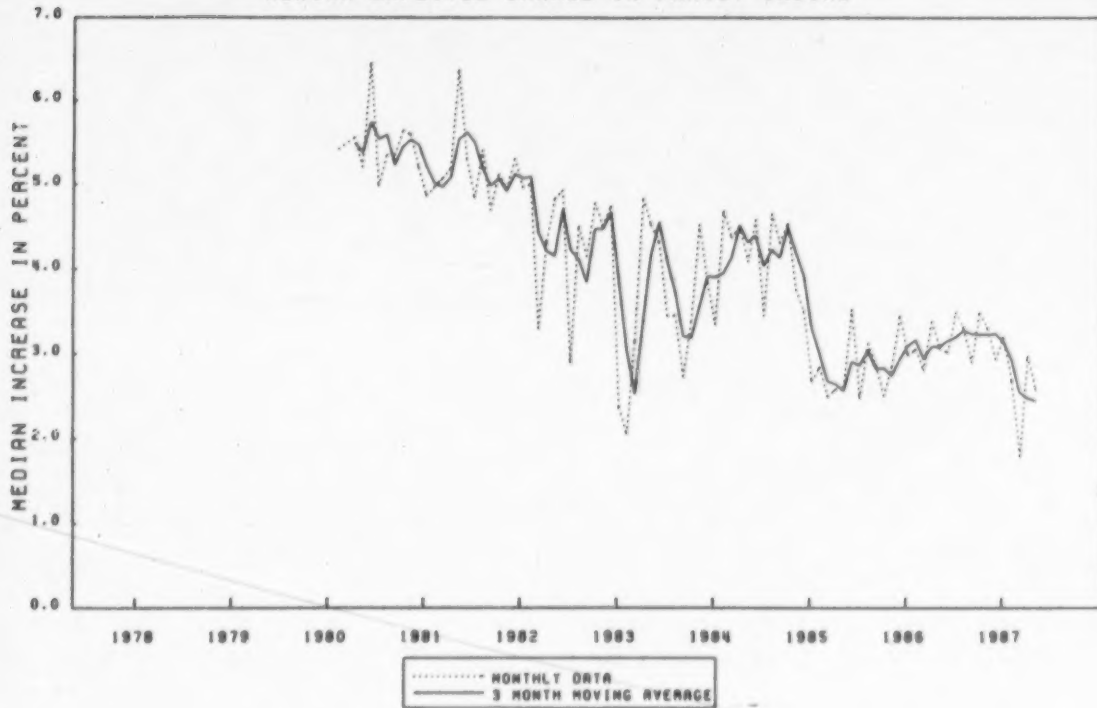


CHART B - HISTORICAL SERIES
 MEDIAN EXPECTED CHANGE IN FAMILY INCOME

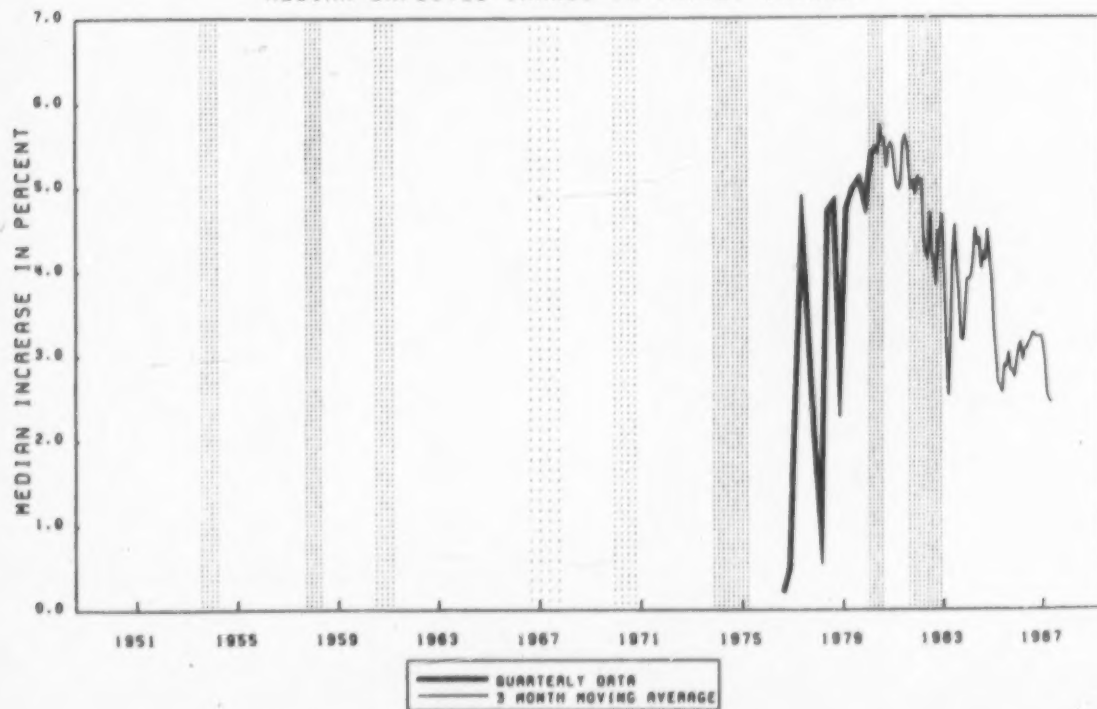


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987
EXPECT INCREASE:													
1-4%	16%	15%	15%	16%	16%	14%	17%	18%	16%	15%	17%	15%	18%
5%	9	11	12	11	15	12	13	12	11	12	11	9	9
6-9%	10	8	8	7	7	6	9	8	8	5	7	8	8
10-24%	15	15	17	14	15	19	15	14	17	15	11	19	14
25% or more	6	7	8	9	4	7	6	6	6	6	5	5	6
DK how much up	3	3	4	5	3	3	4	4	4	6	6	4	3
EXPECT SAME	25	25	22	24	26	26	23	26	25	27	28	27	26
EXPECT DOWN	14	14	14	13	13	12	12	12	12	14	15	13	15
DK,NA	2	2	*	1	1	1	1	*	1	*	*	*	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	658	665	653	659	651	656	653	655	657	652	652	651

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

* : Less than half of one percent.

CHART 9 - RECENT CHANGES
INCOME OR PRICES UP MORE NEXT YEAR

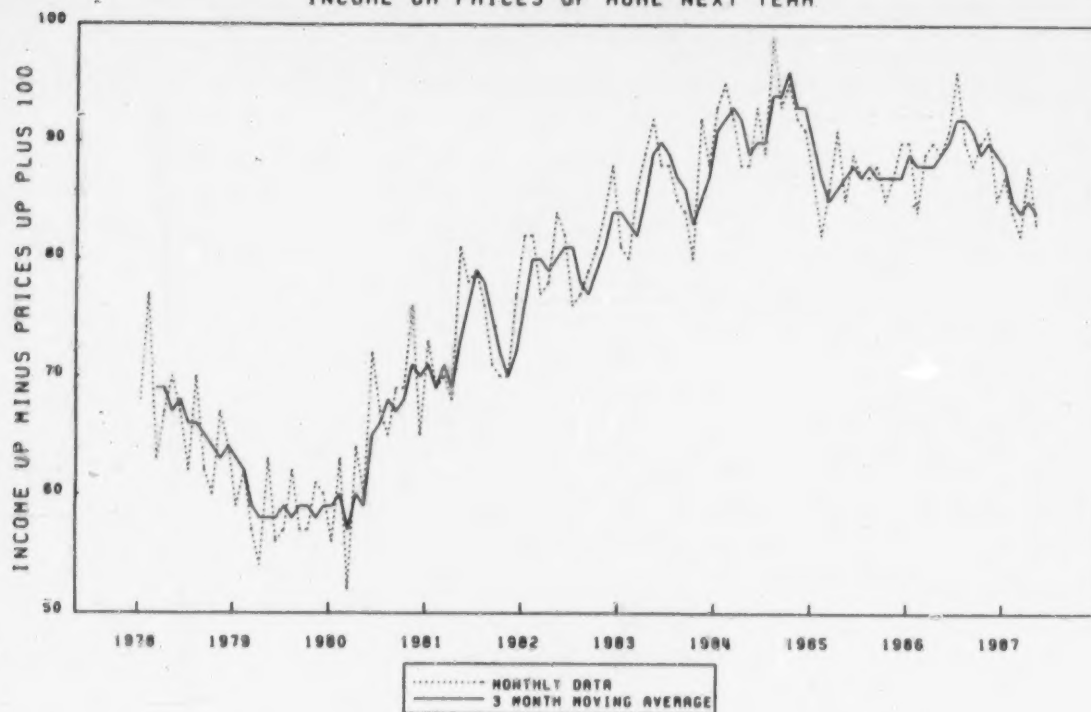


CHART 9 - HISTORICAL SERIES
INCOME OR PRICES UP MORE NEXT YEAR

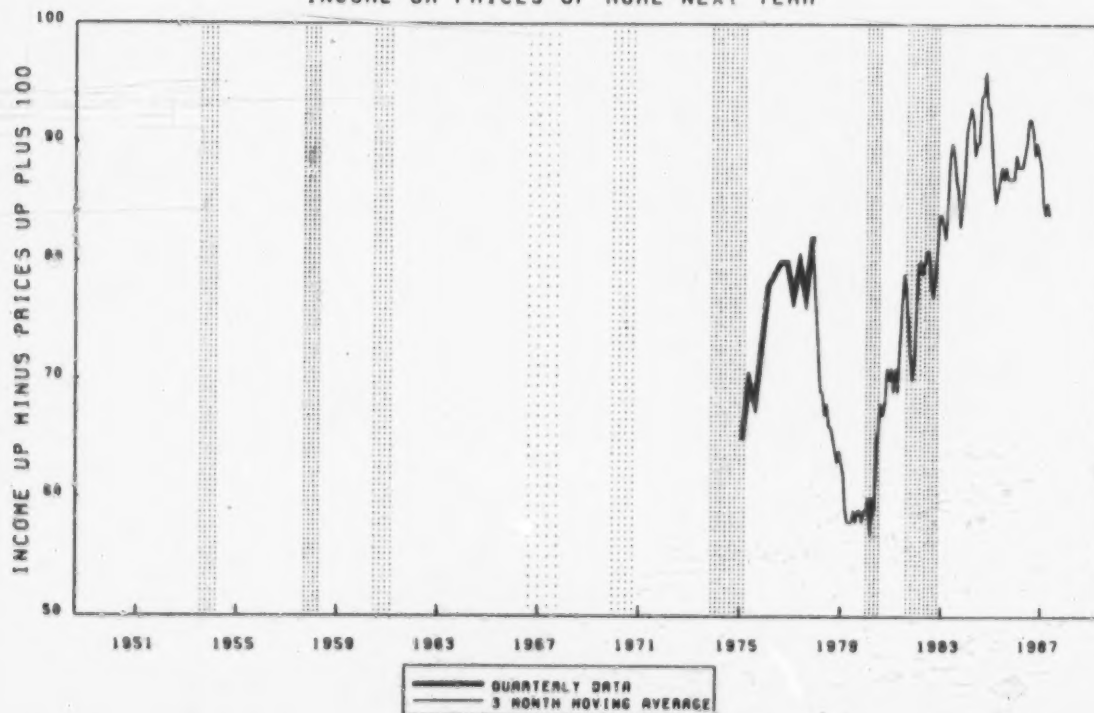


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987
INCOME UP MORE	21%	23%	24%	22%	20%	22%	21%	19%	22%	20%	18%	21%	17%
INCOME UP SAME	44	43	47	44	47	45	47	45	41	42	44	44	48
PRICES UP MORE	32	32	28	32	32	32	30	34	35	36	36	33	34
DK,NA	3	2	1	2	1	1	2	2	2	2	2	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	658	665	653	659	651	656	653	655	657	652	652	651

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

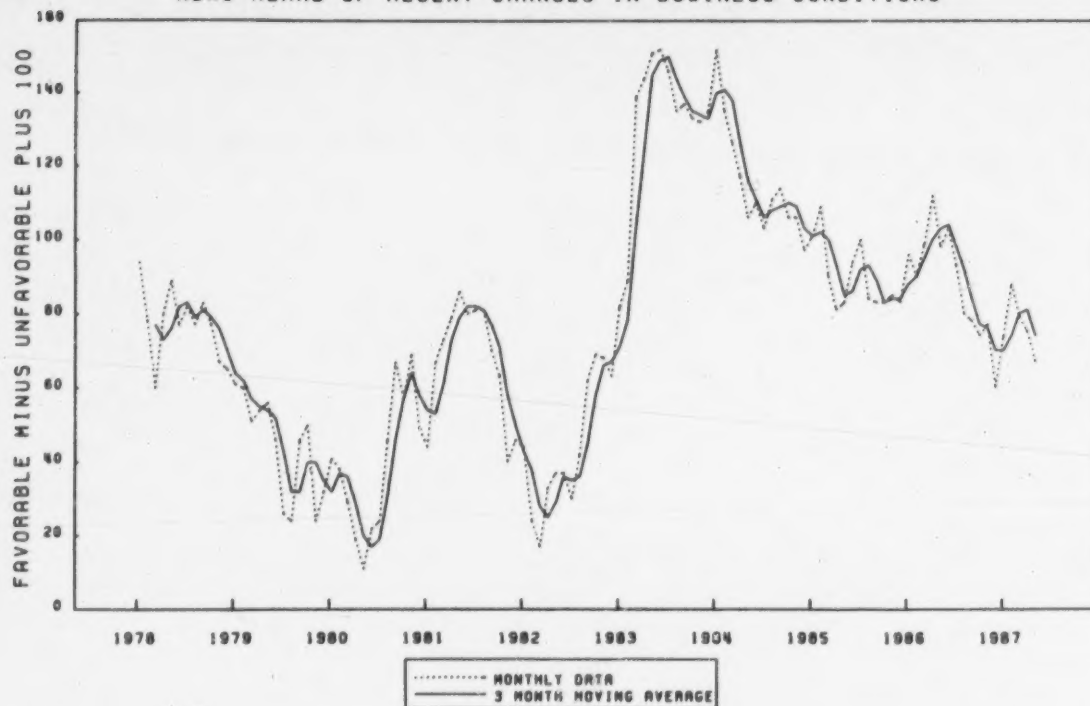


CHART 10 - HISTORICAL SERIES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

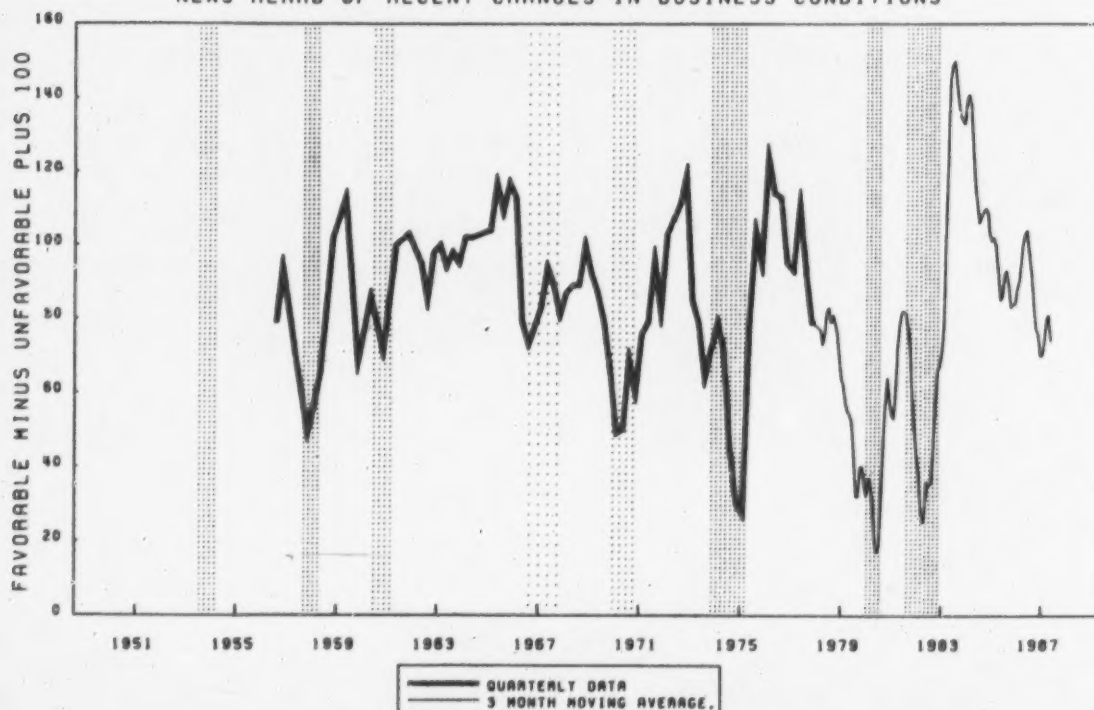


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987
FAVORABLE NEWS	42%	42%	37%	33%	29%	26%	30%	22%	26%	36%	27%	27%	26%
UNFAVORABLE NEWS	44	39	44	53	51	52	53	62	52	48	48	52	59
NO MENTIONS	44	46	45	44	49	48	47	44	44	45	49	46	44

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

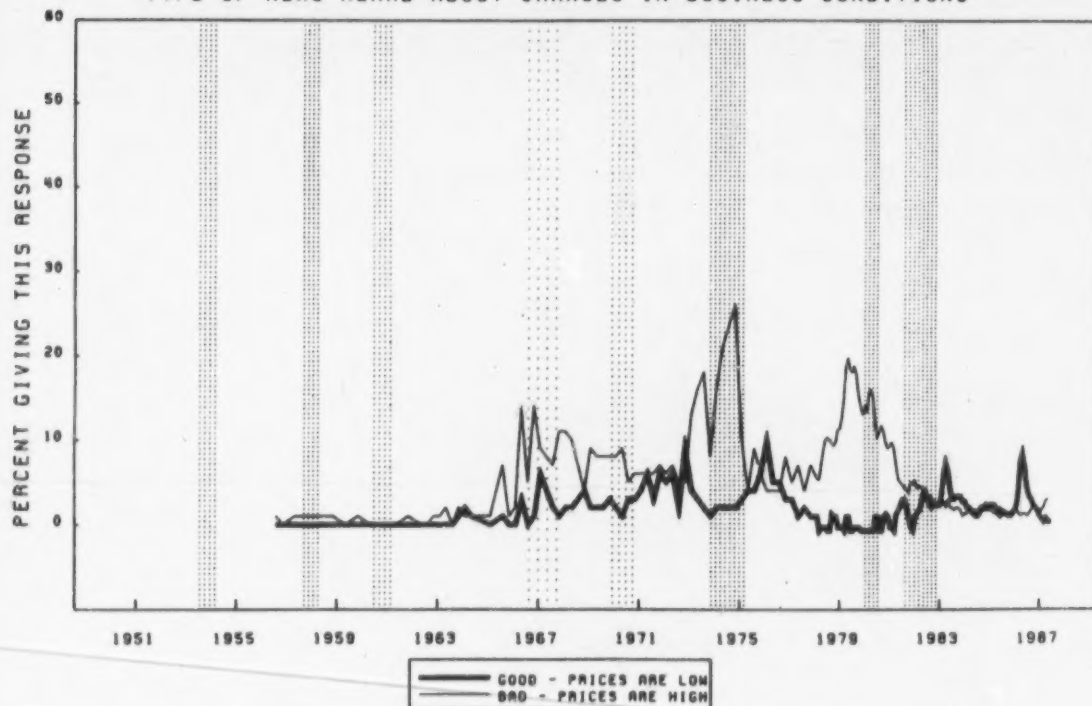


CHART 11B - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

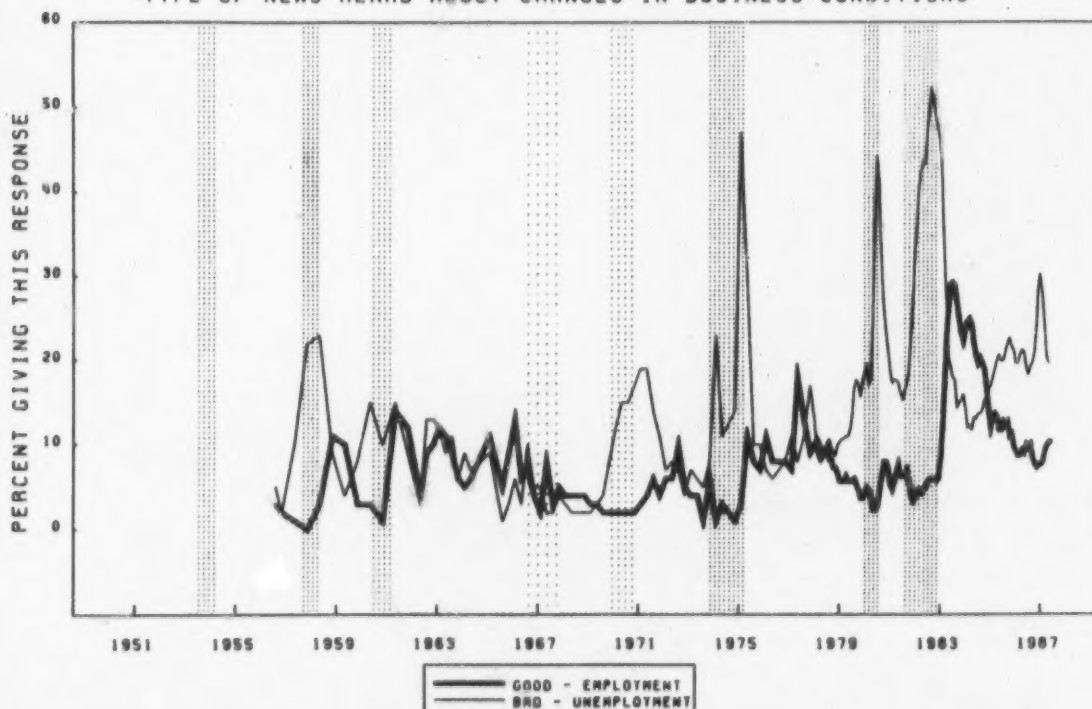


TABLE 11

SELECTED ITEMS OF
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987
FAVORABLE NEWS:													
Government; elections	2%	3%	3%	2%	2%	1%	3%	1%	2%	2%	2%	3%	1%
Employment	9	11	9	10	6	7	9	7	7	10	11	9	11
Higher consumer demand	2	2	1	3	2	3	2	2	3	3	1	1	1
Lower prices	6	3	4	3	2	2	2	1	*	1	*	1	*
Easier credit	11	9	11	7	11	8	5	5	5	6	4	2	3
UNFAVORABLE NEWS:													
Government; elections	3	4	5	5	6	8	6	8	9	5	7	7	7
Unemployment	20	18	19	21	19	23	29	33	29	23	20	18	21
Lower consumer demand	3	2	1	2	1	2	2	4	2	3	2	2	2
Higher prices	2	1	*	3	2	2	1	2	1	2	3	3	3
Tighter credit	1	2	1	1	1	*	1	1	1	1	1	4	6
Energy crisis	1	*	*	*	*	*	*	*	*	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

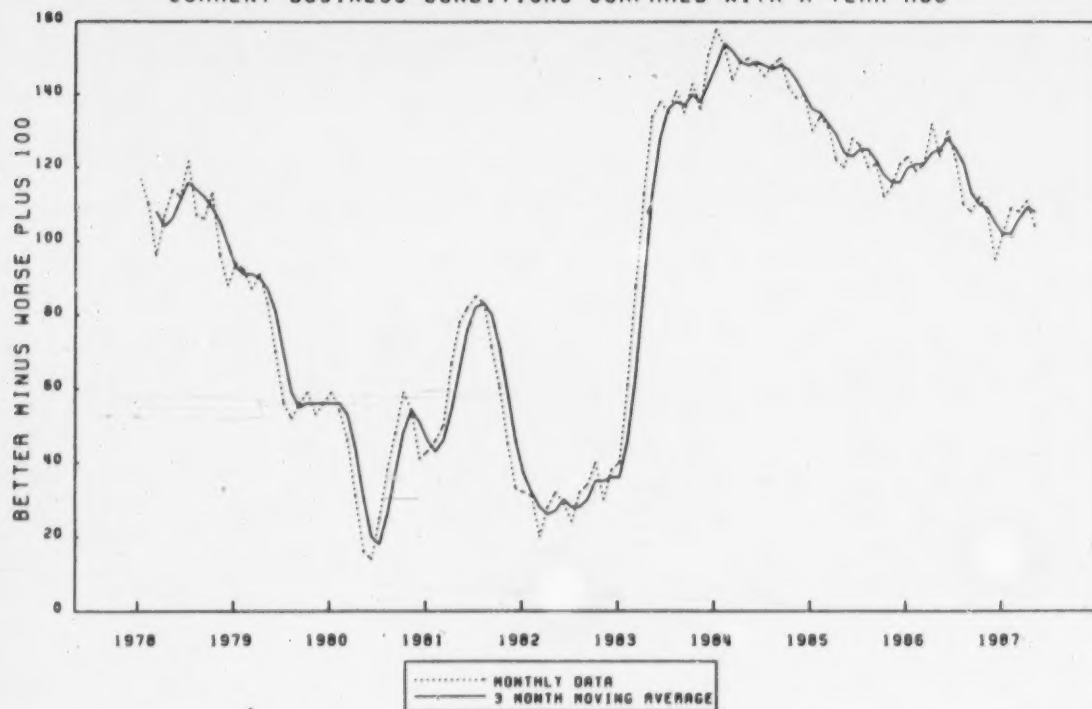


CHART 12 - HISTORICAL SERIES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

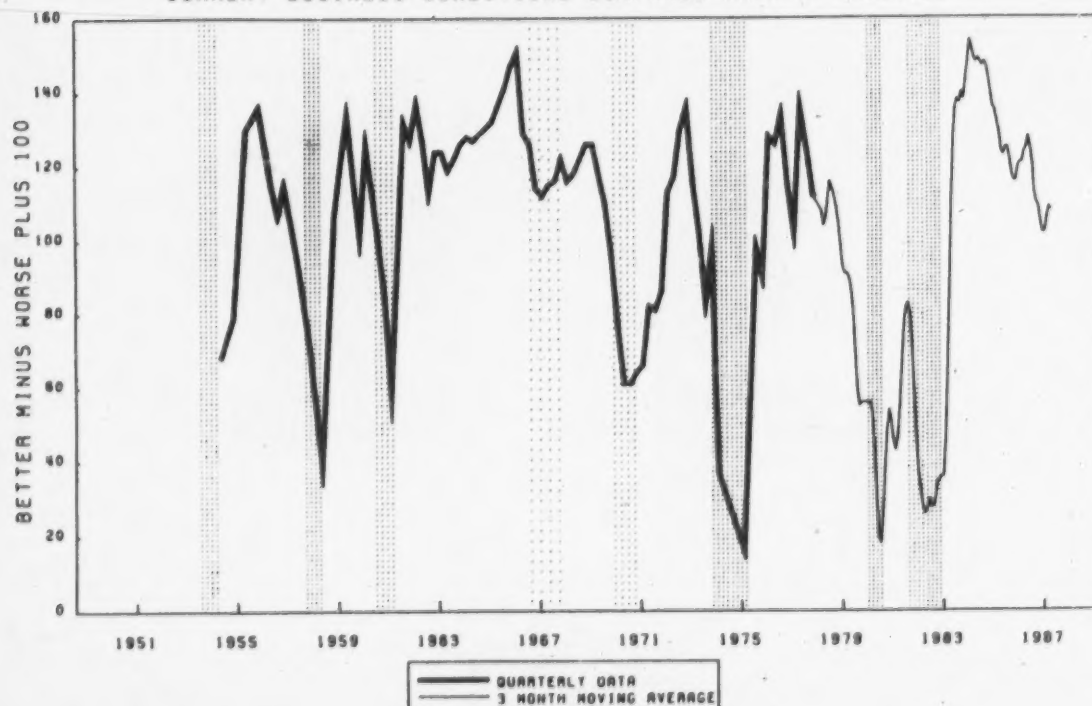


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987
BETTER NOW	54%	60%	53%	47%	47%	47%	45%	40%	43%	47%	45%	46%	43%
SAME	13	8	14	14	13	15	16	13	14	14	17	17	16
WORSE NOW	31	30	31	37	39	35	37	45	41	38	37	35	39
DK, NA	2	2	2	2	1	3	2	2	2	1	1	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	658	665	653	659	651	656	653	655	657	652	652	651

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

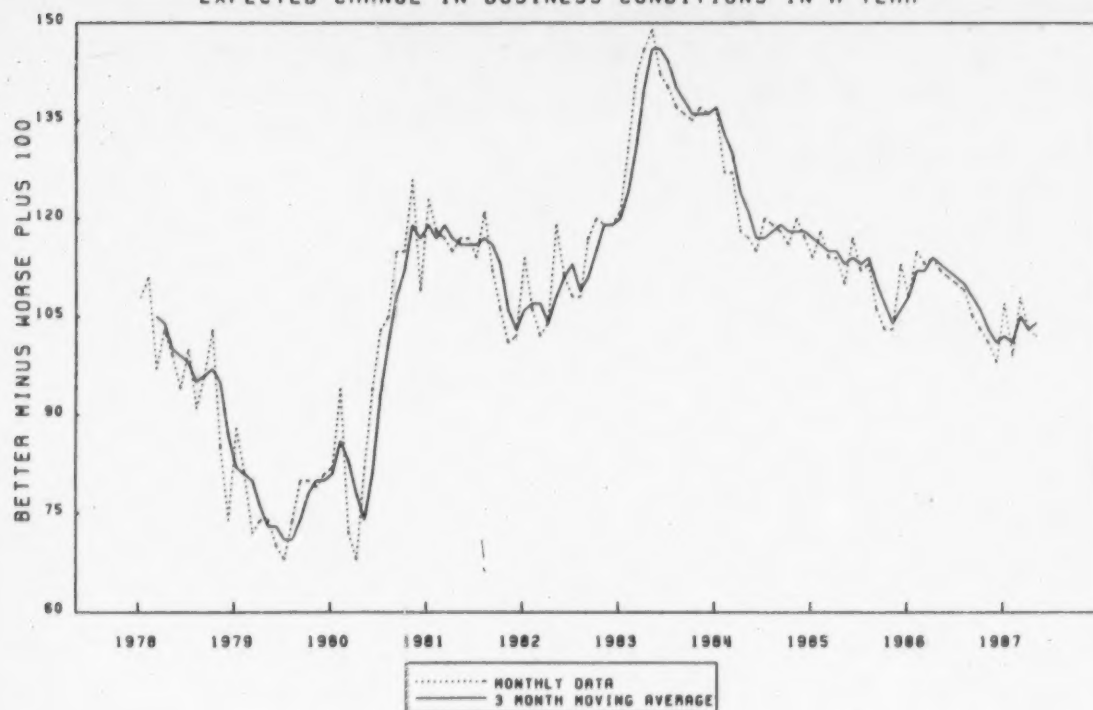


CHART 13 - HISTORICAL SERIES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

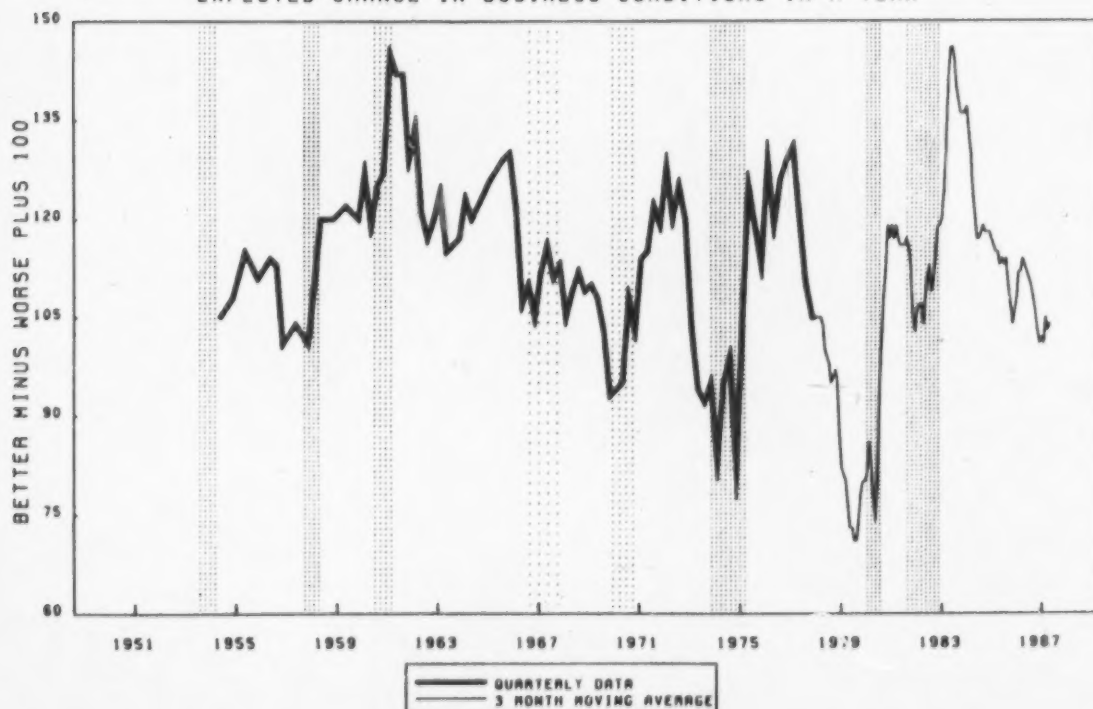


TABLE 13

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987
BETTER	26%	25%	24%	26%	23%	21%	20%	20%	24%	22%	22%	21%	22%
SAME	57	60	60	56	55	59	59	56	58	54	61	60	57
WORSE	14	14	14	17	18	18	19	22	17	23	14	18	20
DK, NA	3	1	2	1	4	2	2	2	1	1	3	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	658	665	653	659	651	656	653	655	657	652	652	651

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

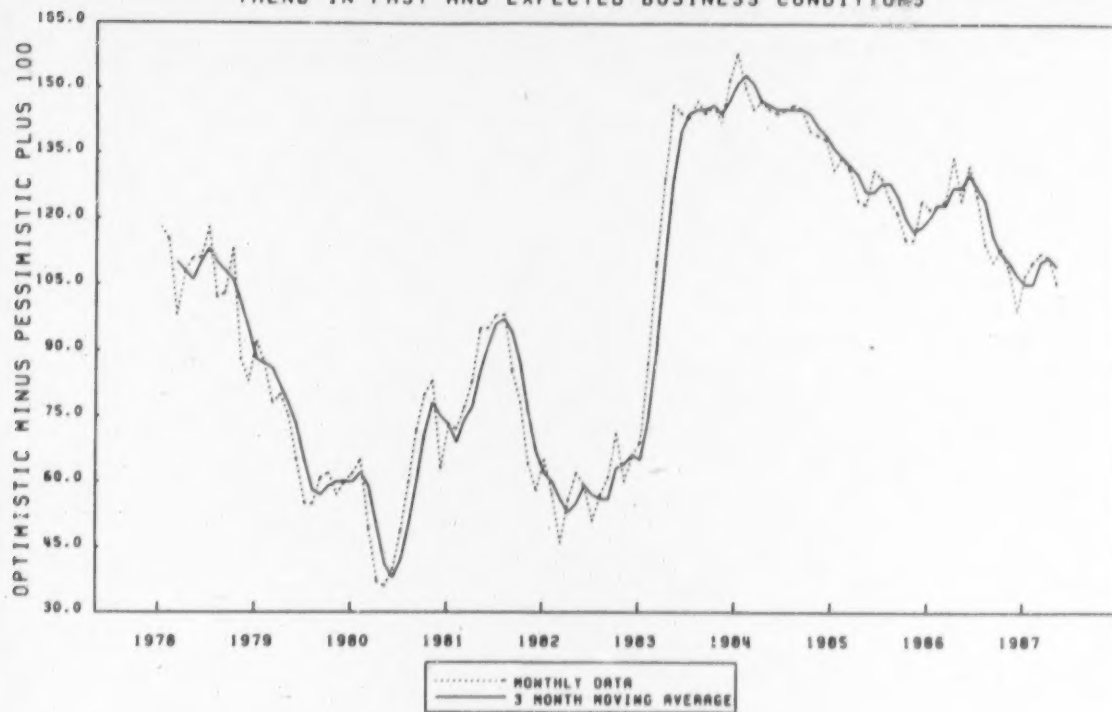


CHART 14 - HISTORICAL SERIES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

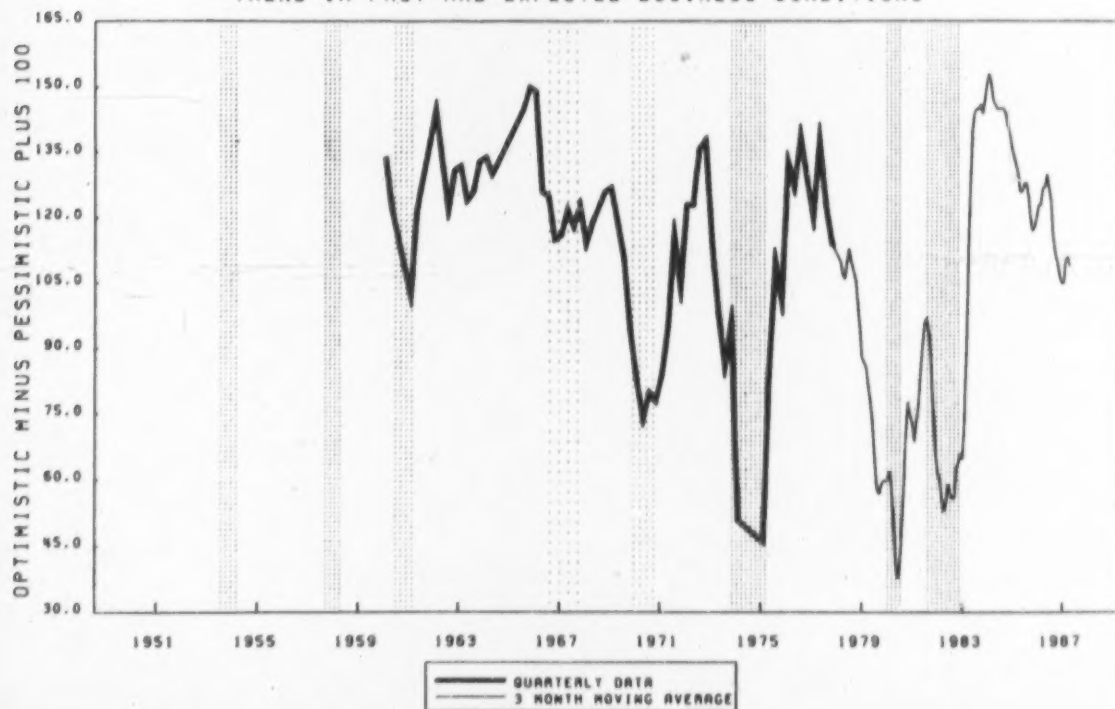


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987
TREND:													
Continuous increase (a)	19%	18%	16%	17%	15%	13%	12%	12%	15%	14%	13%	13%	12%
Intermittant increase (b)	33	41	36	29	29	31	30	27	27	32	32	30	28
Remain unchanged (c)	8	5	10	10	8	10	10	10	10	7	11	11	10
Intermittant decline (d)	20	17	18	20	22	21	23	23	24	21	23	22	24
Continuous decline (e)	8	10	9	12	12	10	11	17	11	15	10	10	11
Mixed change (f)	9	7	8	9	10	11	11	7	10	9	7	10	12
DK,NA	3	2	3	3	4	4	3	4	3	2	4	4	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	658	665	653	659	651	656	653	655	657	652	652	651

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
 (b) Better/Same or Same/Better
 (c) Same/Same
 (d) Worse/Same or Same/Worse
 (e) Worse/Worse
 (f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS



CHART 15 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

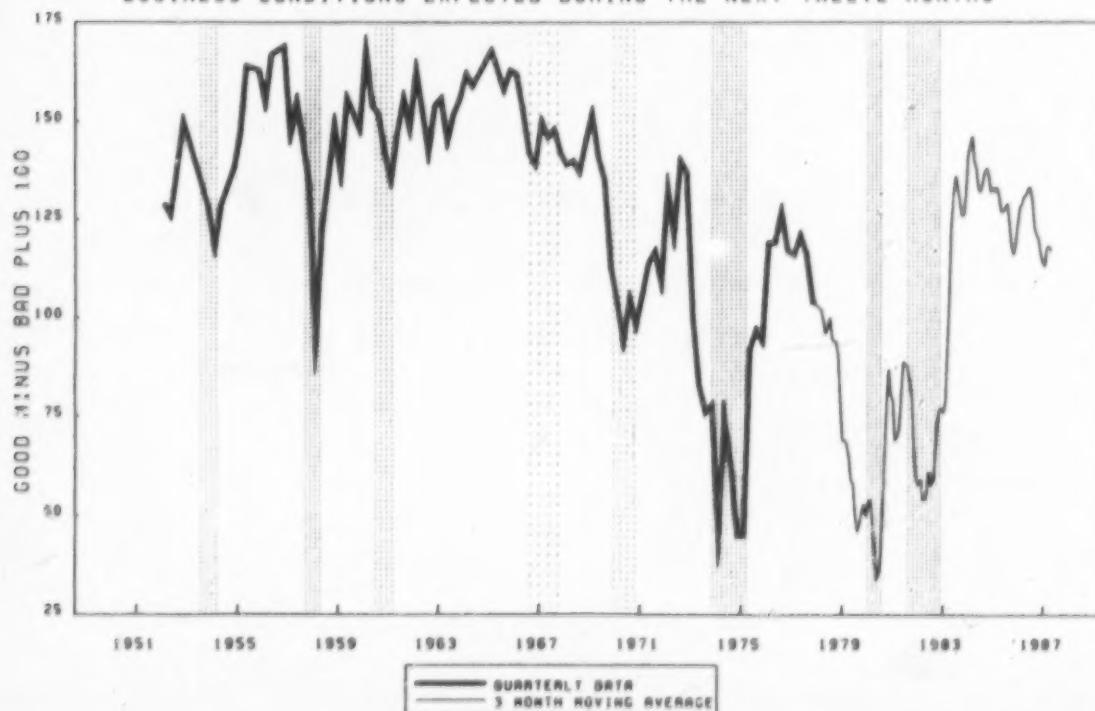


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987
GOOD TIMES	60%	62%	61%	55%	50%	55%	53%	45%	53%	53%	55%	51%	51%
UNCERTAIN; GOOD & BAD	2	2	3	4	3	3	3	2	3	1	2	2	1
BAD TIMES	29	26	30	32	35	31	33	41	36	36	34	35	37
DON'T KNOW	5	6	4	5	8	4	5	5	4	5	5	8	5
NOT ASCERTAINED	4	4	2	4	4	7	6	7	4	5	4	4	6
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	658	665	653	659	651	656	653	655	657	652	652	651

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

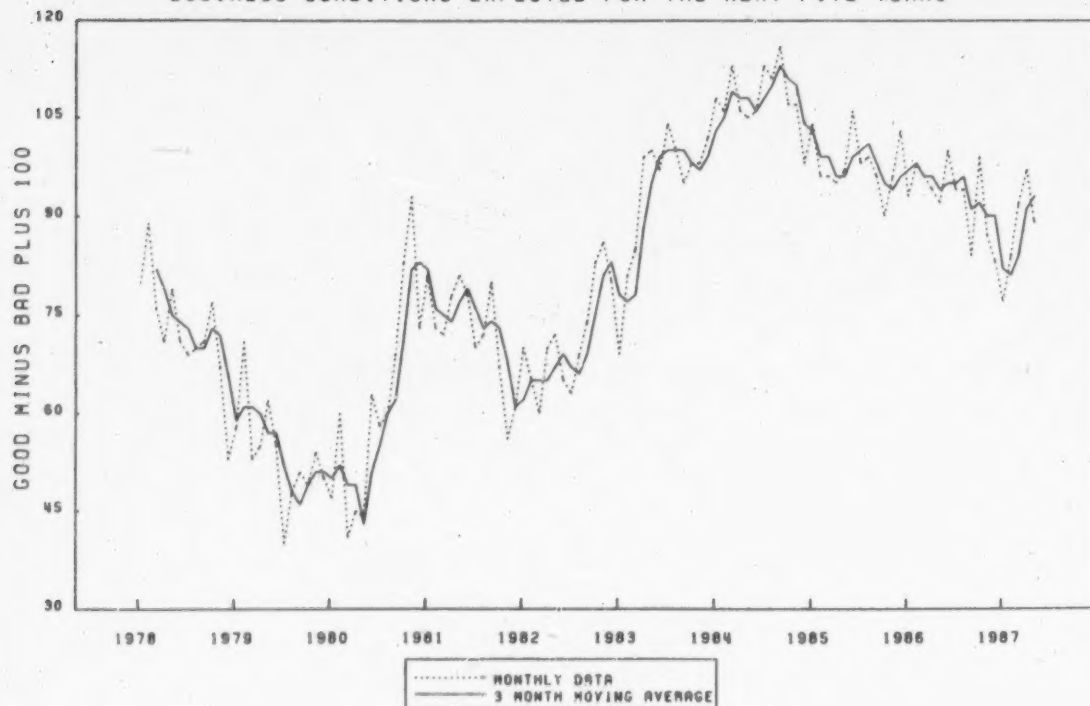


CHART 16 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

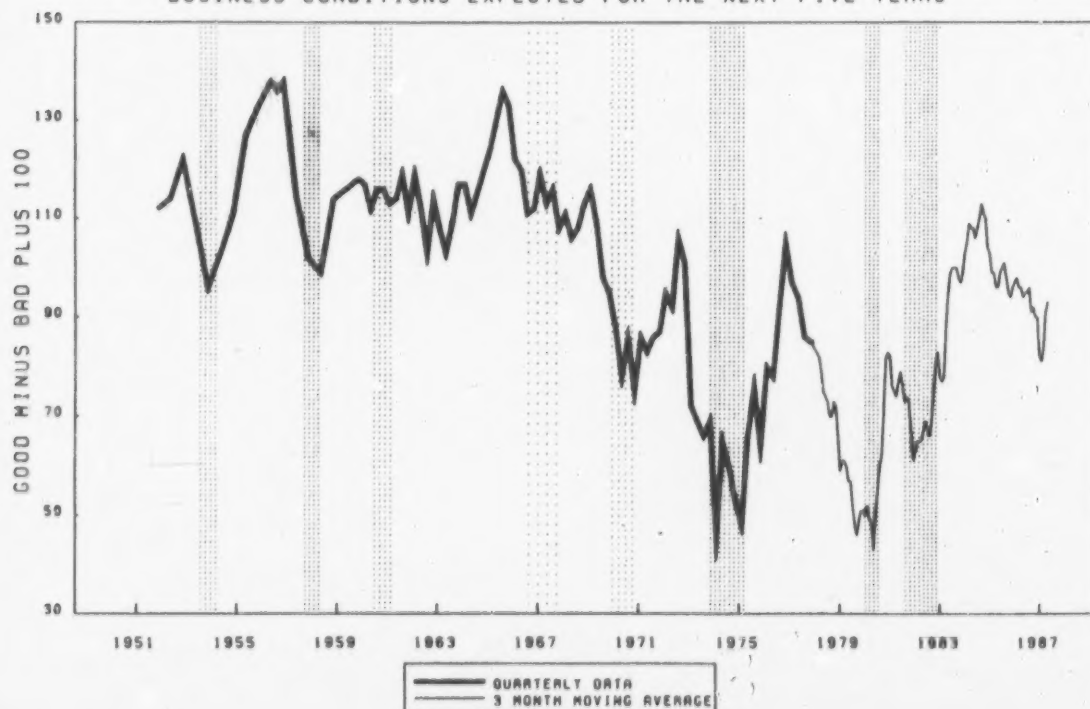


TABLE 16

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987
GOOD TIMES	37%	40%	38%	39%	33%	41%	35%	33%	30%	34%	39%	41%	36%
UNCERTAIN; GOOD & BAD	14	14	13	10	11	13	14	13	13	12	10	9	13
BAD TIMES	45	40	44	45	49	42	48	50	53	50	47	44	47
NOT ASCERTAINED	4	6	5	6	7	4	3	4	4	4	4	6	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	658	665	653	659	651	656	653	655	657	652	652	651

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

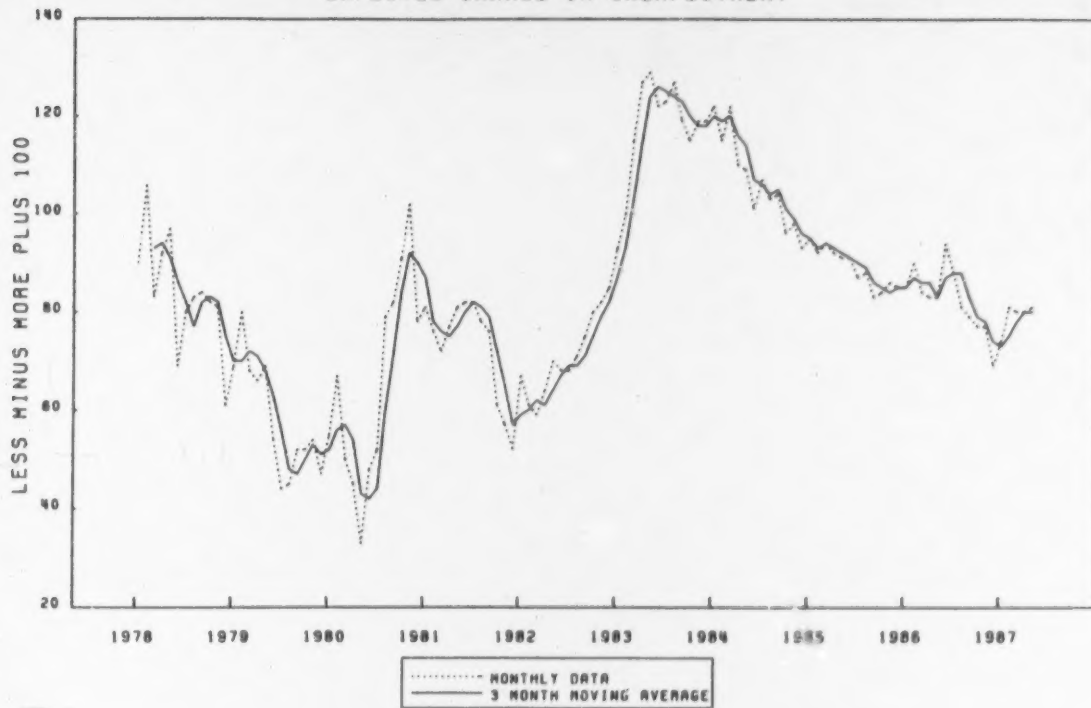


CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

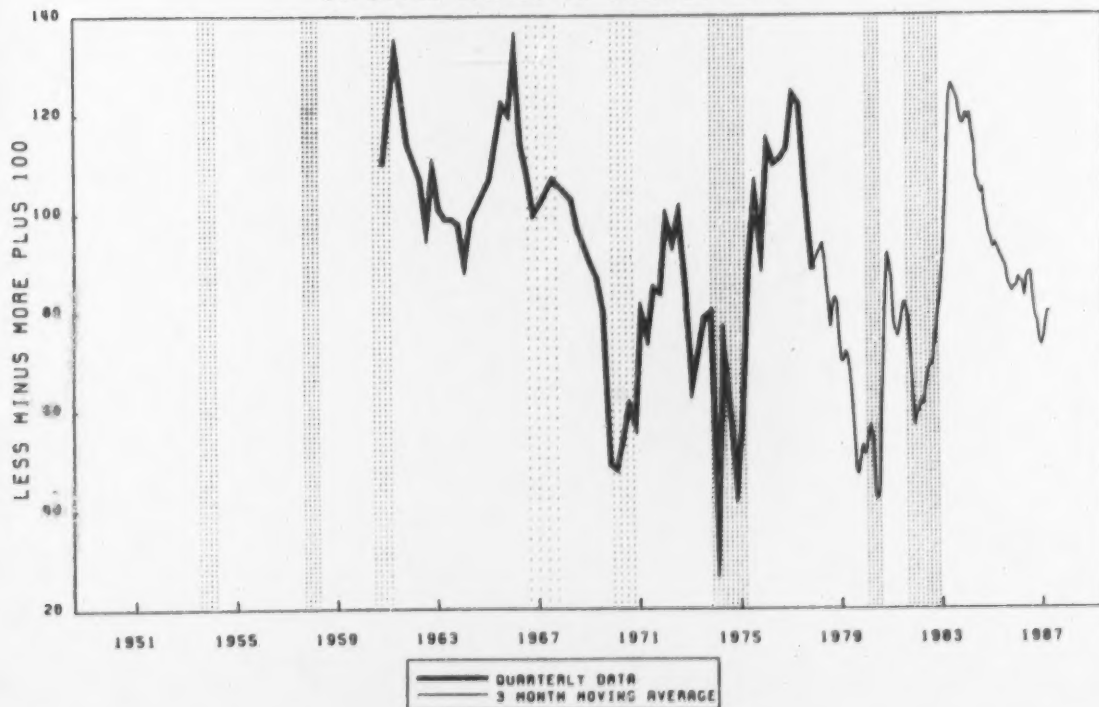


TABLE 17

EXPECTED CHANGE IN UNEMPLOYMENT

	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987
LESS	14%	20%	15%	13%	11%	10%	11%	11%	12%	14%	15%	13%	13%
SAME	54	53	56	54	54	55	54	46	49	52	48	52	53
MORE	31	26	27	32	32	33	34	42	38	33	35	33	32
DK,NA	1	1	2	1	3	2	1	1	1	1	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	658	665	653	659	651	656	653	655	657	652	652	651

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

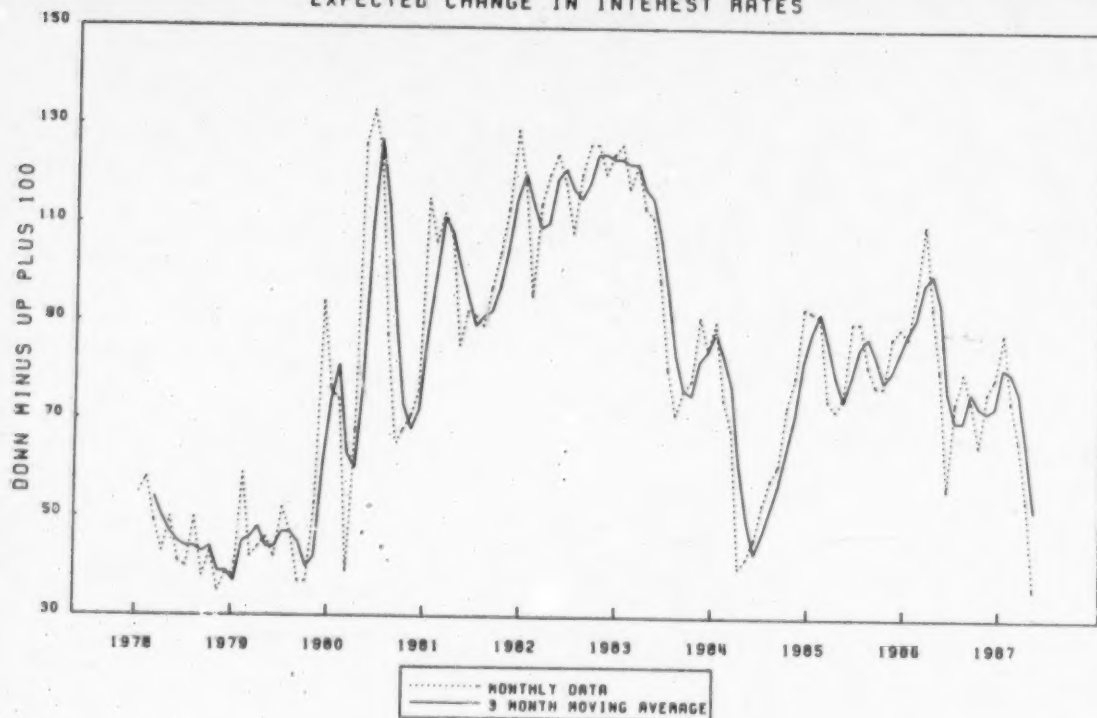


CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

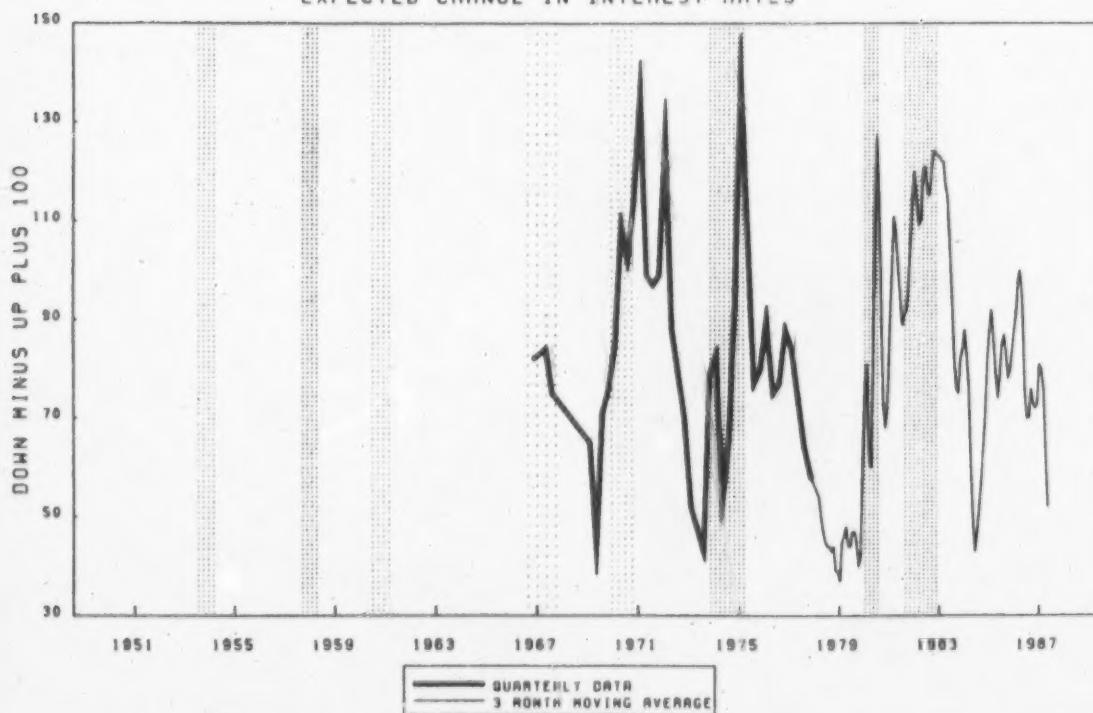


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987
GO UP	41%	54%	45%	42%	49%	50%	43%	41%	37%	43%	49%	57%	71%
STAY THE SAME	35	34	35	34	26	33	37	37	35	38	33	29	21
GO DOWN	21	10	19	22	23	15	19	20	25	17	15	11	7
DK,NA	3	2	1	2	2	2	1	2	3	2	3	3	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	658	665	653	659	651	656	653	655	657	652	652	651

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

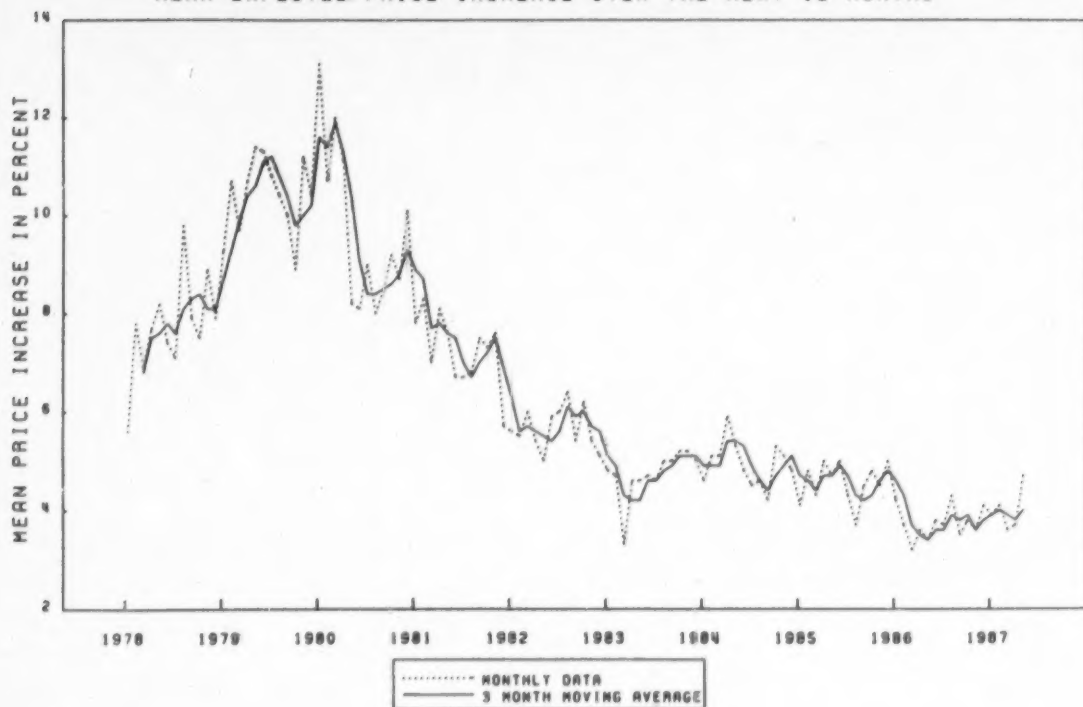


CHART 19 - HISTORICAL SERIES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

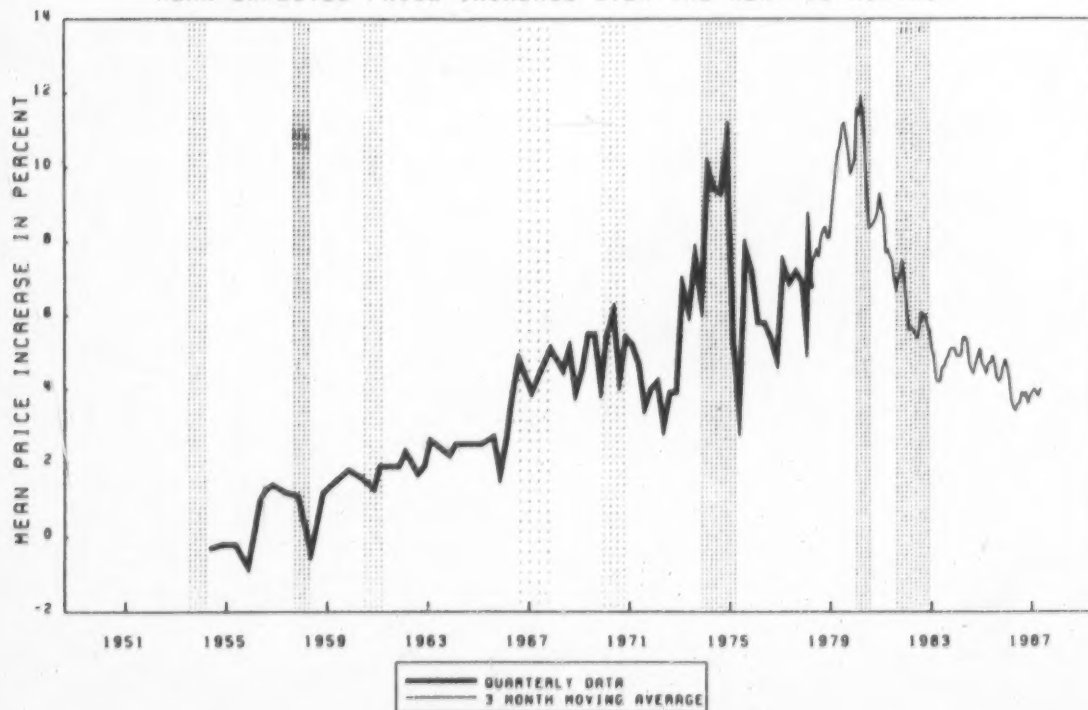


TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987
SAME OR DOWN	31%	22%	29%	21%	23%	22%	22%	20%	20%	21%	21%	19%	15%
WILL GO UP BY:													
1-2%	13	20	13	18	18	17	19	18	18	17	19	19	18
3-4%	22	20	23	24	23	19	25	23	24	21	21	23	23
5%	14	16	16	14	16	21	15	17	14	18	18	16	18
6-9%	5	6	5	7	5	5	6	7	6	5	6	8	10
10-14%	6	6	5	8	5	8	7	6	7	9	5	7	7
15% or more	3	4	4	4	3	2	2	4	4	4	3	2	4
DK how much up	4	5	4	4	6	5	3	4	6	5	6	6	4
DK, NA	2	1	1	*	1	1	1	1	1	*	1	*	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	3.4	3.8	3.7	4.3	3.5	3.8	3.6	4.1	3.9	4.1	3.6	3.7	4.7
VARIANCE	27	23	32	38	18	17	28	32	25	26	18	21	36
CASES	655	658	665	653	659	651	656	653	655	657	652	652	651

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 20 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

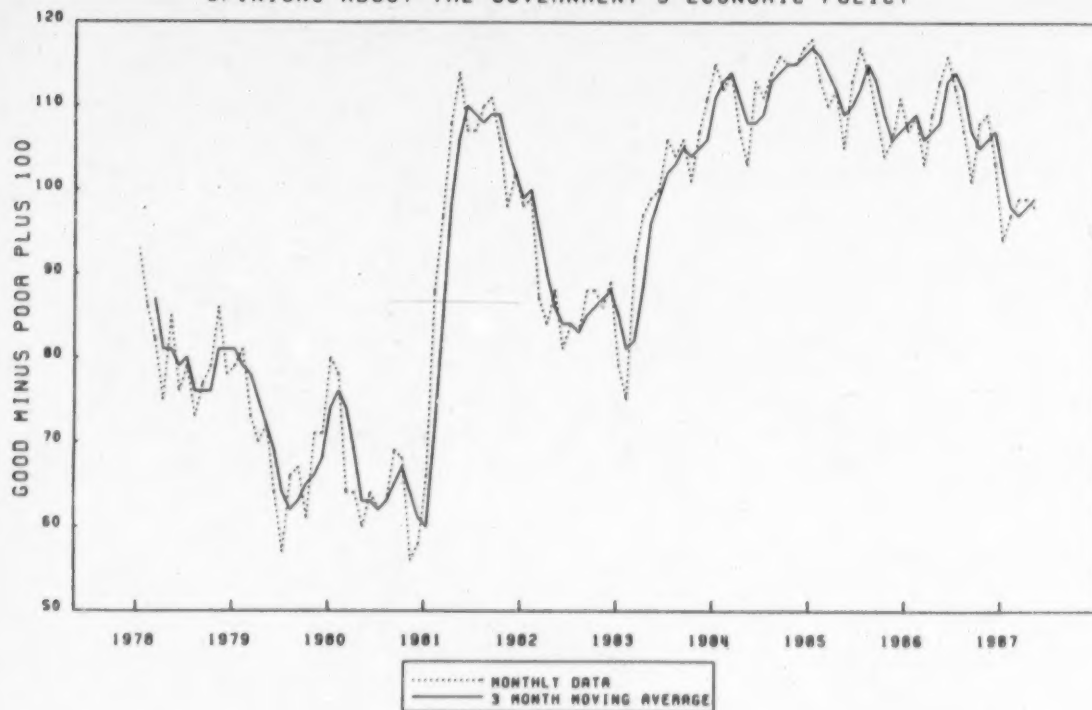


CHART 20 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

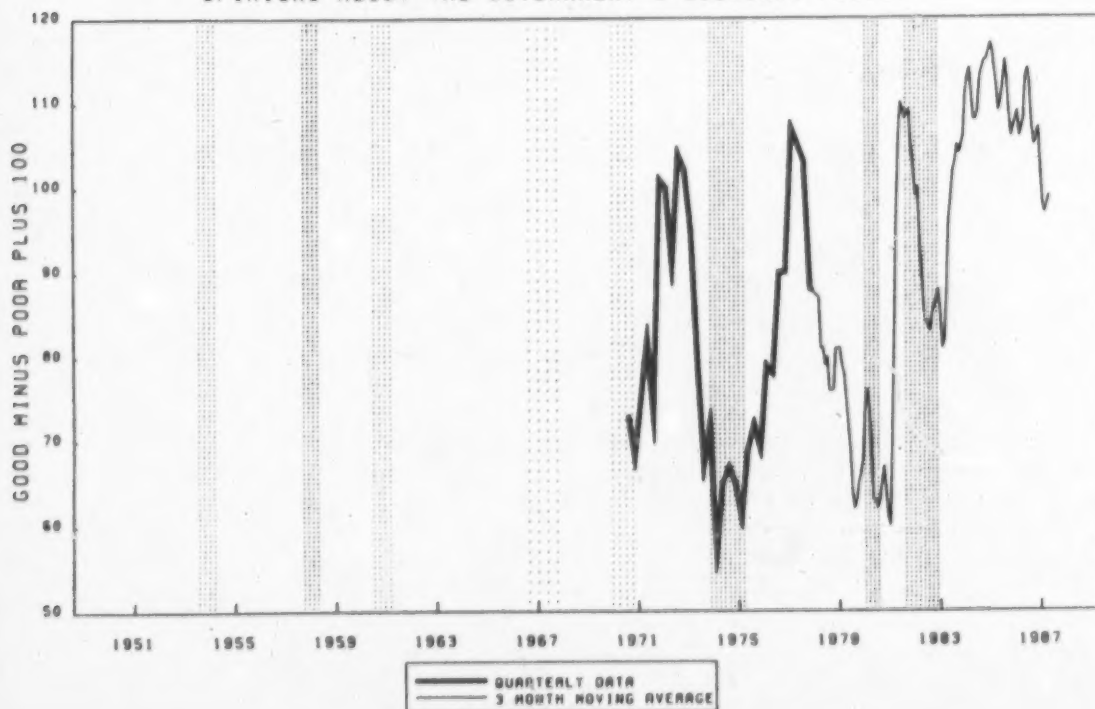


TABLE 20

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987
A GOOD JOB	30%	33%	29%	28%	22%	27%	28%	26%	20%	23%	23%	21%	21%
ONLY FAIR	49	49	52	50	54	52	51	49	52	49	52	55	55
A POOR JOB	17	17	17	21	21	19	19	23	26	26	24	22	23
DK,NA	4	1	2	1	3	2	2	2	2	2	1	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	658	665	653	659	651	656	653	655	657	652	652	651

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

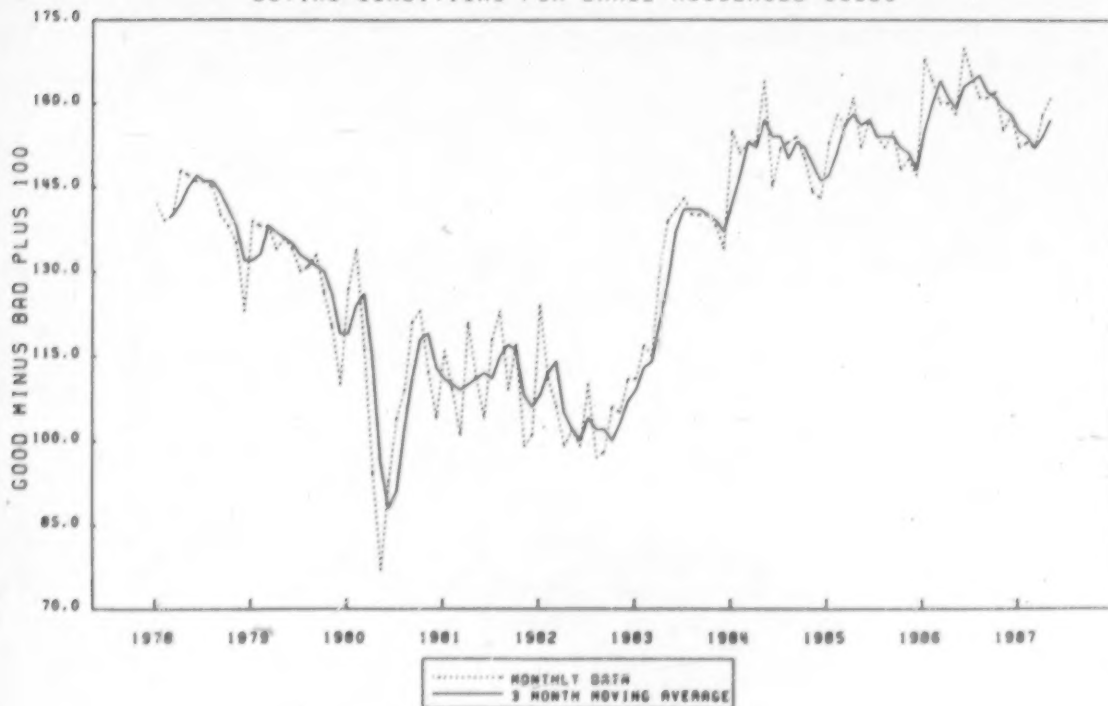


CHART 21 - HISTORICAL SERIES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

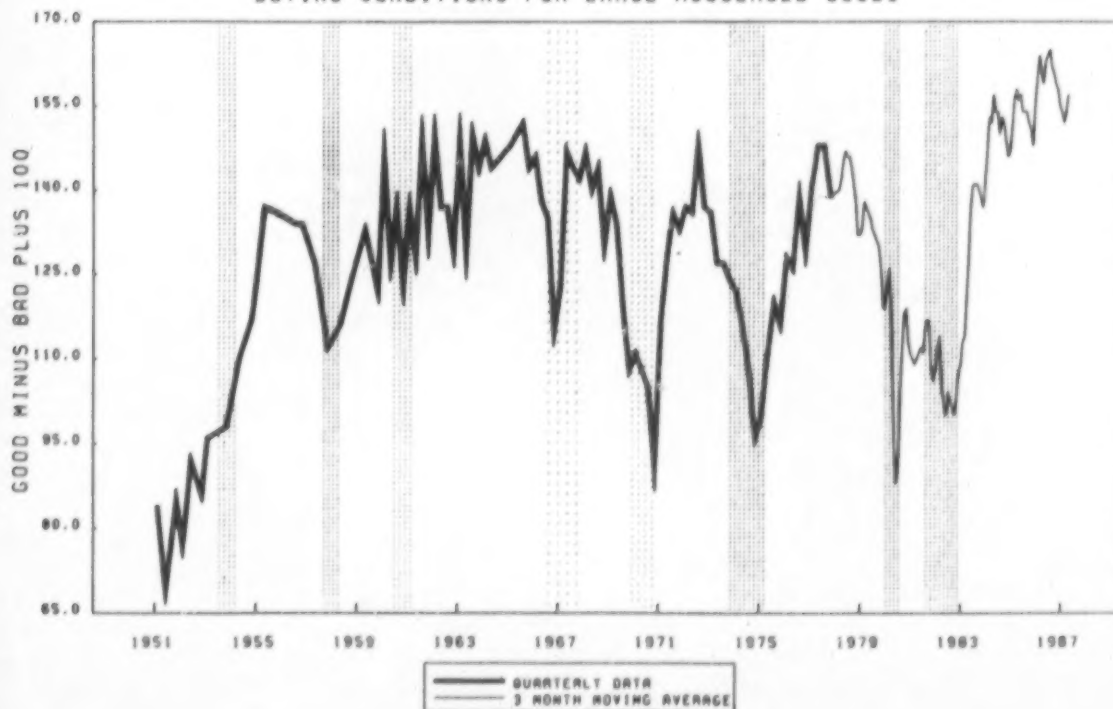


TABLE 21
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987
GOOD TIME TO BUY	75%	81%	79%	77%	76%	76%	72%	75%	72%	73%	71%	74%	76%
UNCERTAIN, DEPENDS	8	8	7	7	9	10	11	8	8	7	10	10	9
BAD TIME TO BUY	17	11	14	16	15	14	17	17	20	20	19	16	15
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	658	665	653	659	651	656	653	655	657	652	652	651

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

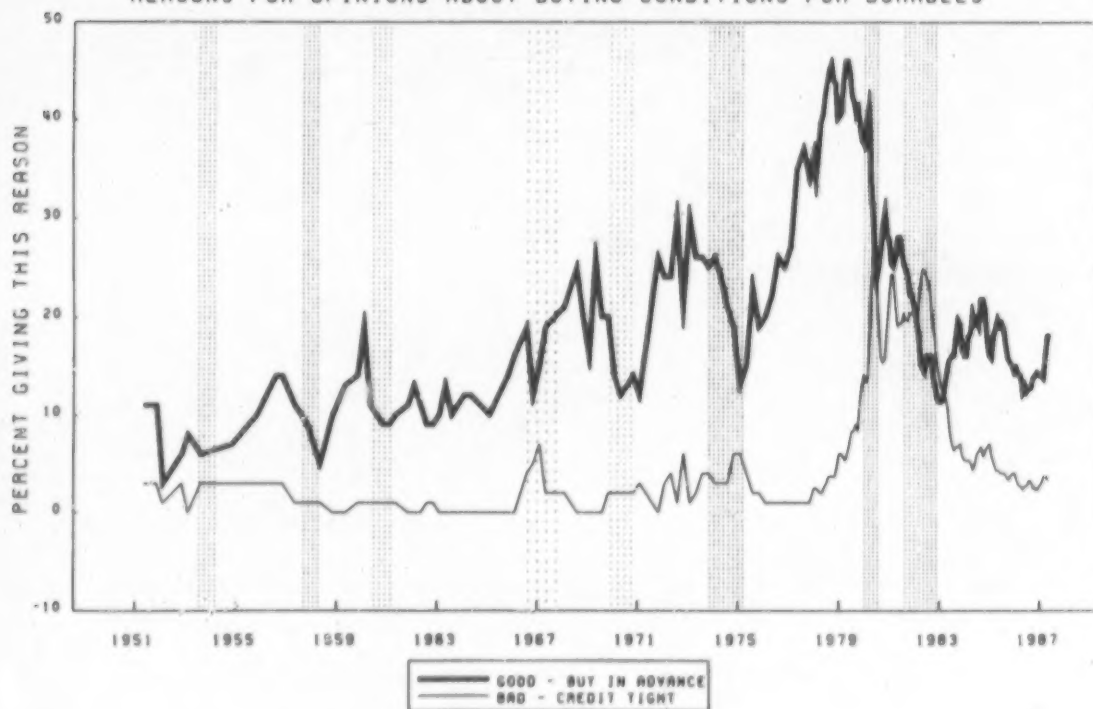


CHART 22B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

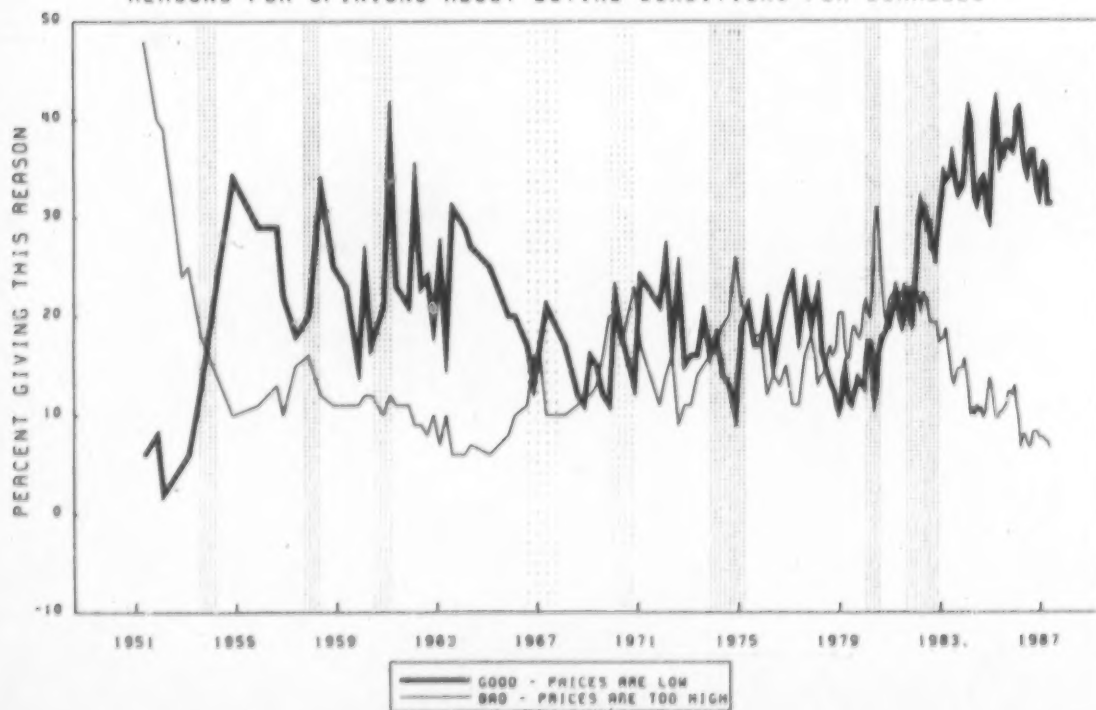


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	33%	35%	40%	35%	35%	33%	30%	33%	40%	33%	32%	29%	33%
Prices won't come down; are going higher	12	14	11	13	14	14	14	15	13	14	14	20	20
Interest rates low; credit is easy	31	31	26	26	29	26	25	18	20	21	23	21	19
BAD TIME TO BUY:													
Prices are high	7	6	7	8	10	7	8	8	7	8	7	7	6
Interest rates are high; credit is tight	2	3	3	4	2	2	3	2	3	4	4	3	3
Lack of purchasing power	9	5	6	7	8	7	8	6	8	7	8	5	4

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

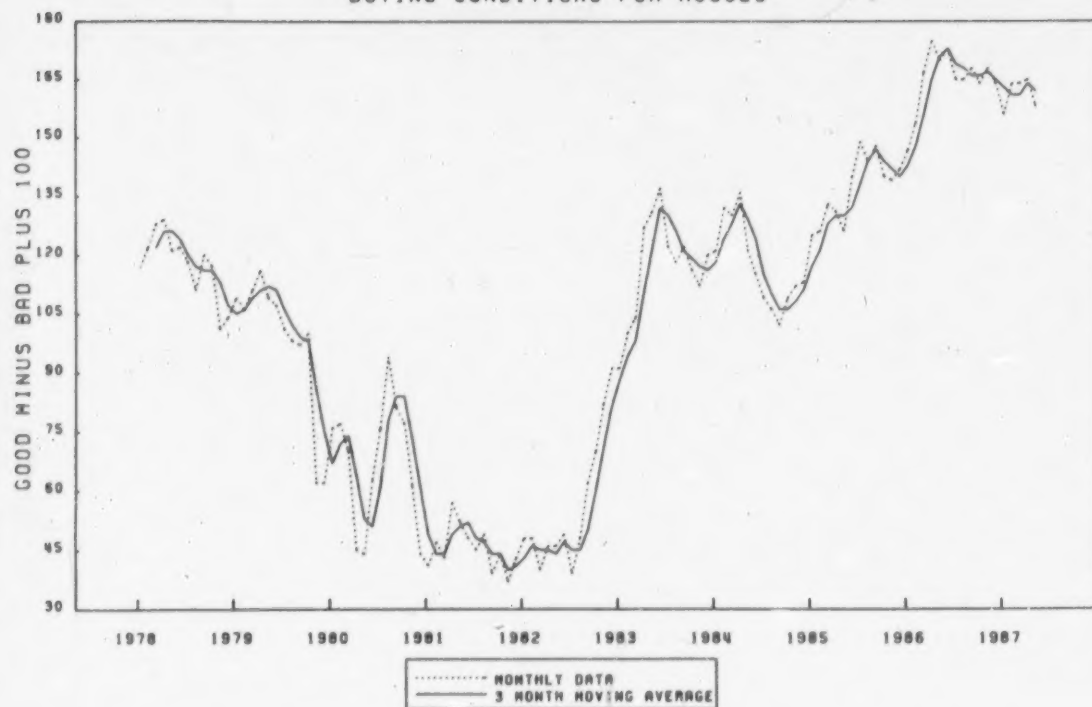


CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

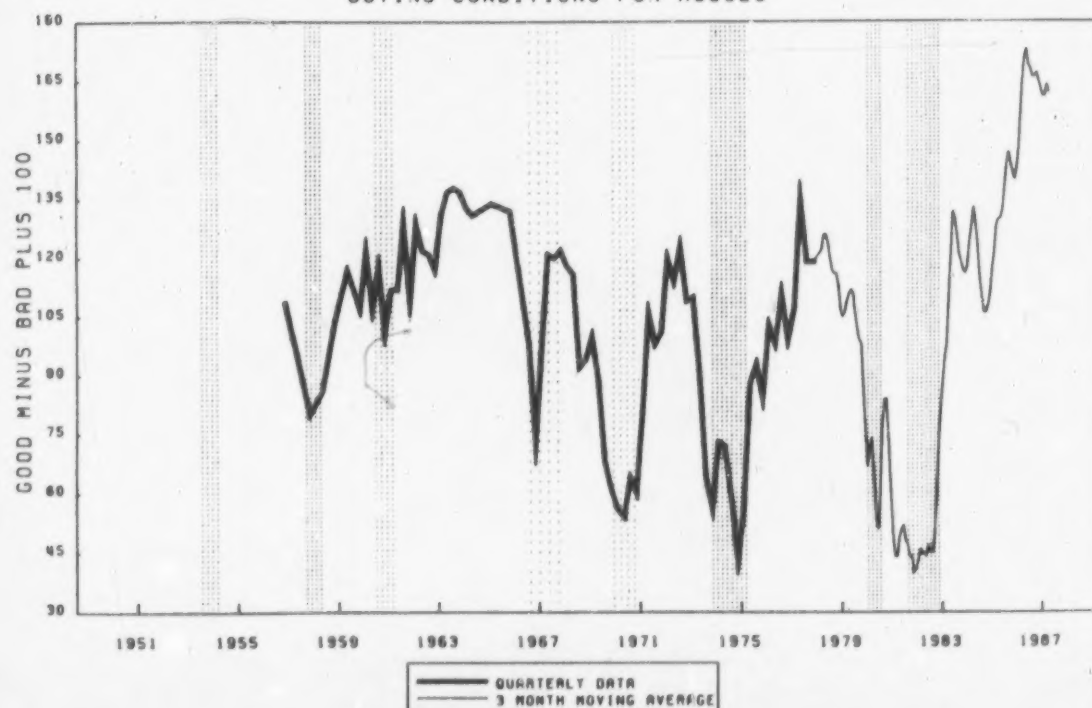


TABLE 23

BUYING CONDITIONS FOR HOUSES

	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987
GOOD TIME TO BUY	83%	86%	82%	81%	83%	81%	83%	80%	76%	81%	80%	82%	77%
UNCERTAIN, DEPENDS	4	1	1	3	2	2	2	4	4	2	4	1	4
BAD TIME TO BUY	13	13	17	16	15	17	15	16	20	17	16	17	19
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	658	665	653	659	651	656	653	655	657	652	652	651

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

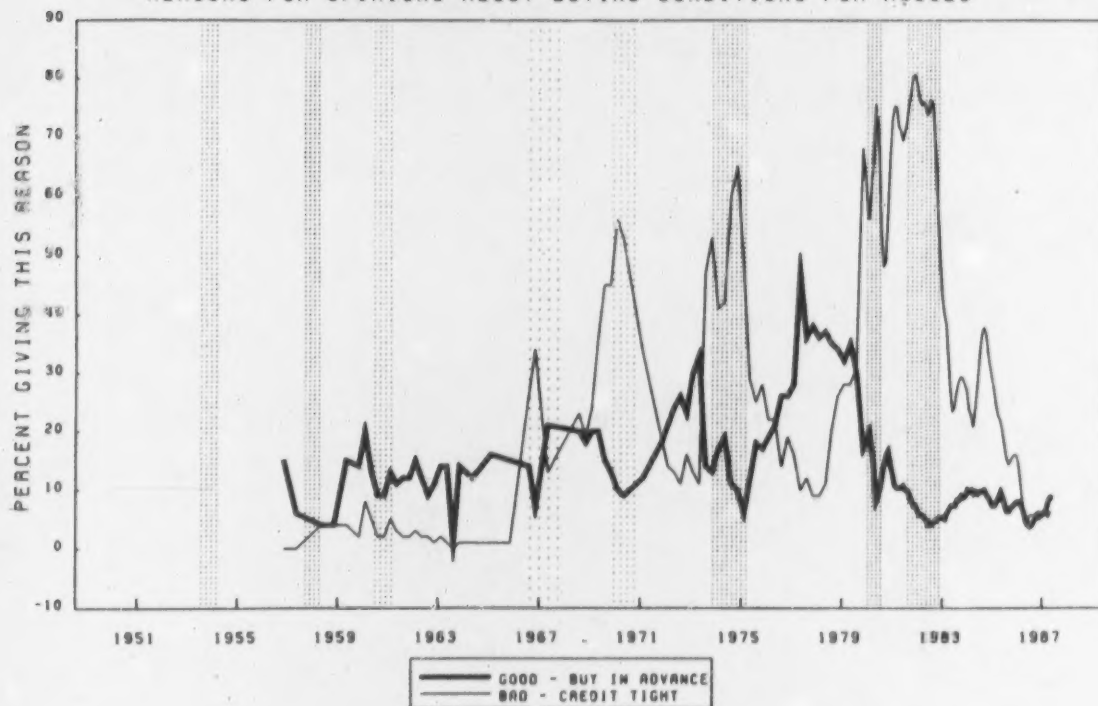


CHART 24B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

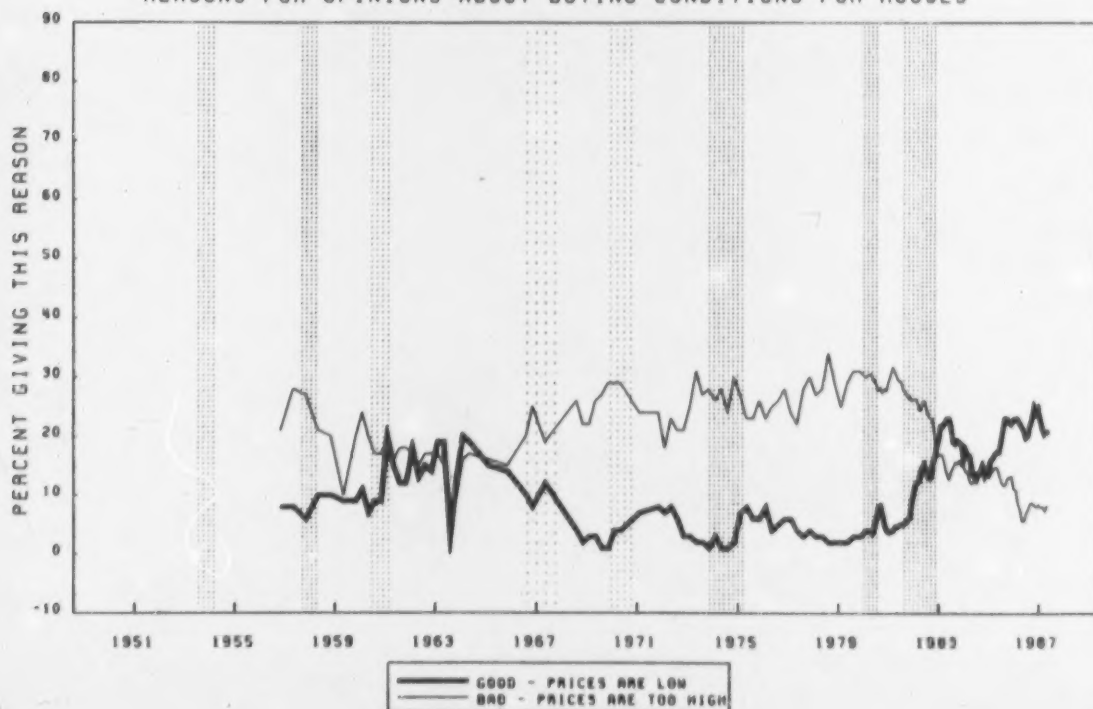


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	20%	21%	18%	21%	26%	22%	27%	23%	24%	21%	19%	21%	22%
Prices won't come down; are going higher	3	4	4	4	6	6	6	6	5	7	8	9	9
Interest rates low; credit is easy	80	83	77	78	79	75	75	73	69	74	71	71	66
Good investment	3	3	5	3	5	6	5	6	6	3	6	7	5
BAD TIME TO BUY:													
Prices are high	6	6	9	8	9	9	7	8	10	6	8	8	9
Interest rates are high; credit is tight	5	5	7	5	5	5	5	5	7	6	6	4	9
Lack of purchasing power	6	6	7	8	6	8	8	7	9	8	6	8	6

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

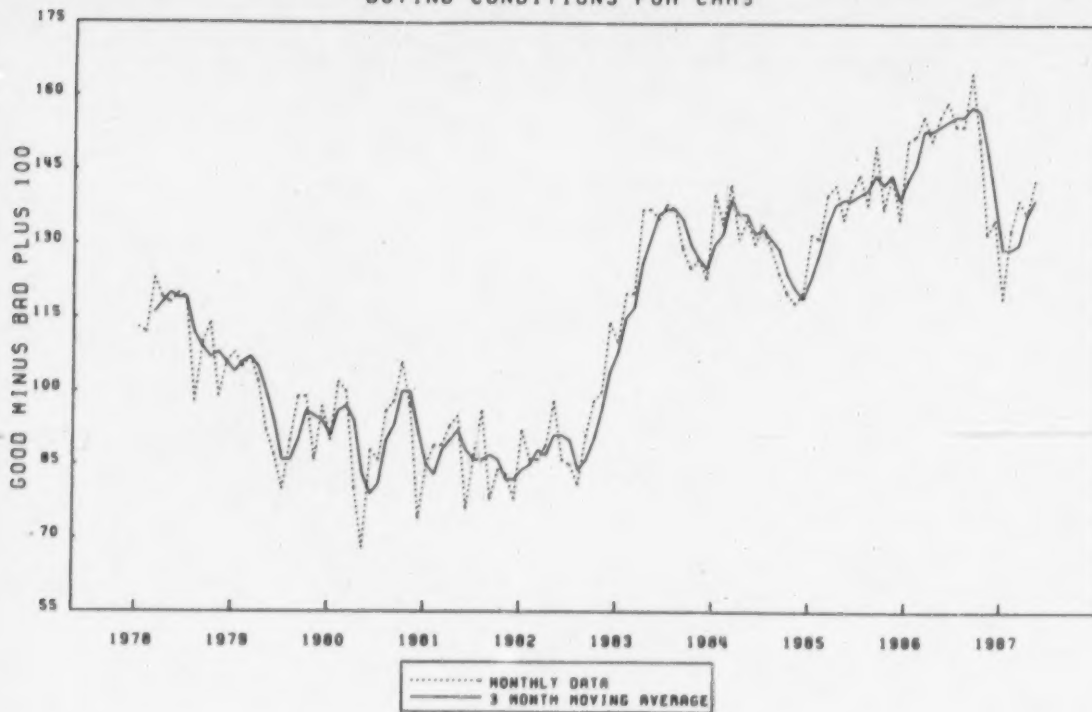


CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

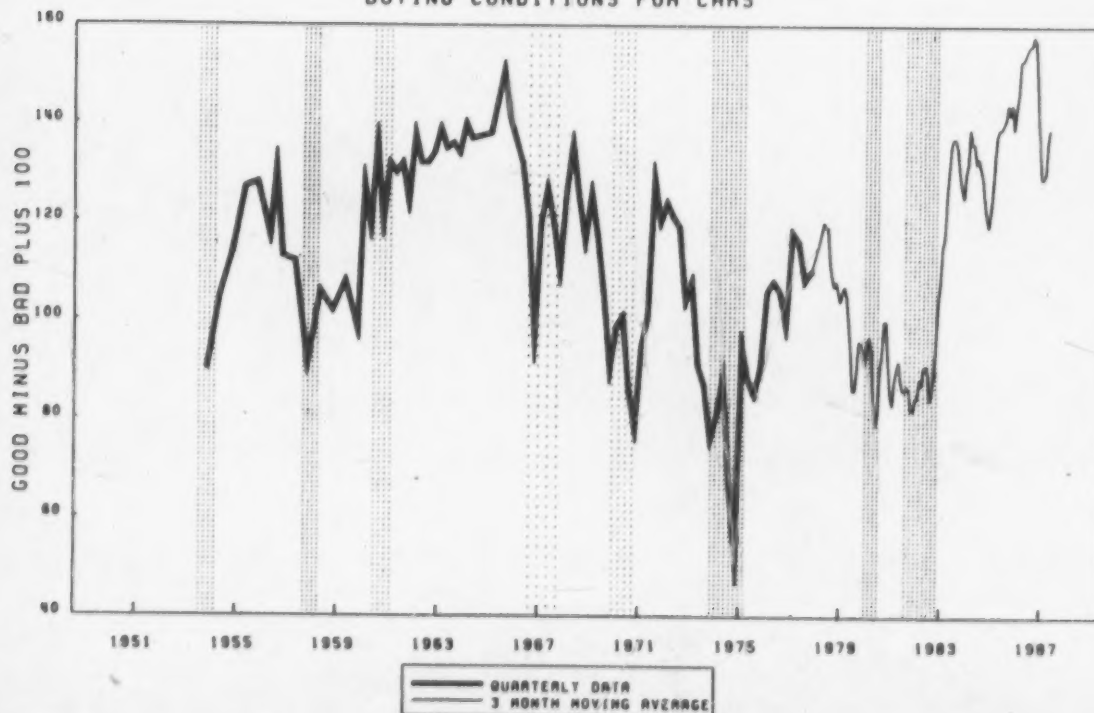


TABLE 25
BUYING CONDITIONS FOR CARS

	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987
GOOD TIME TO BUY	75%	77%	74%	73%	81%	72%	63%	64%	55%	62%	66%	64%	67%
UNCERTAIN; DEPENDS	6	5	6	8	3	7	6	7	9	9	7	8	9
BAD TIME TO BUY	19	18	20	19	16	21	31	29	36	29	27	28	24
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	658	665	653	659	651	656	653	655	657	652	652	651

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

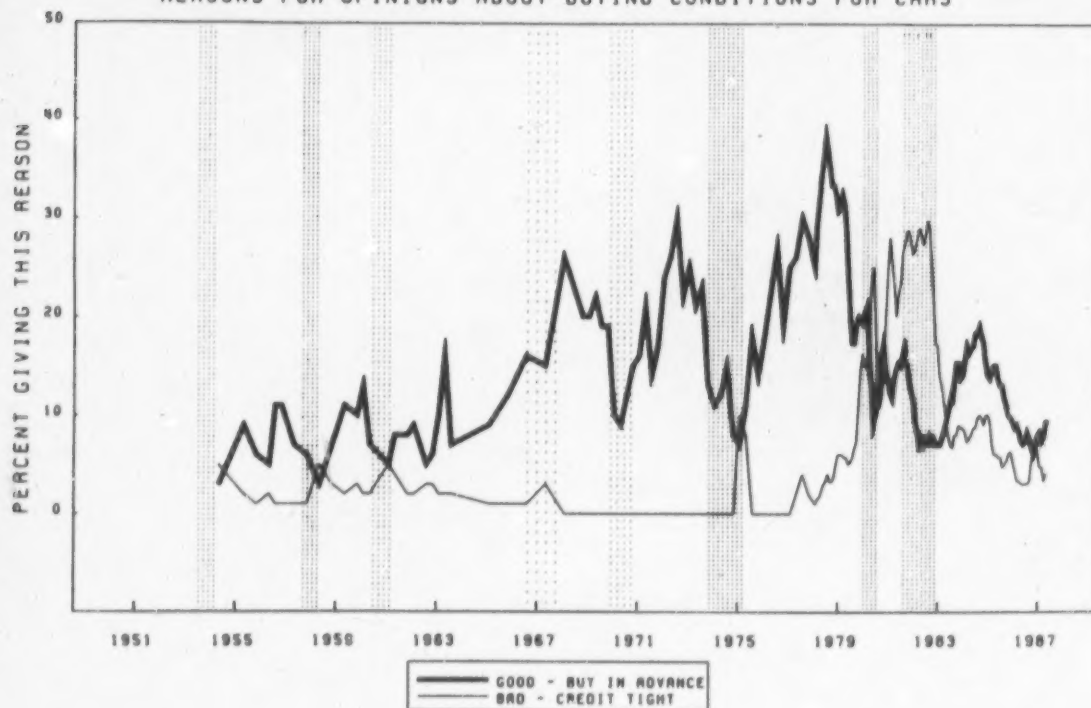


CHART 26B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

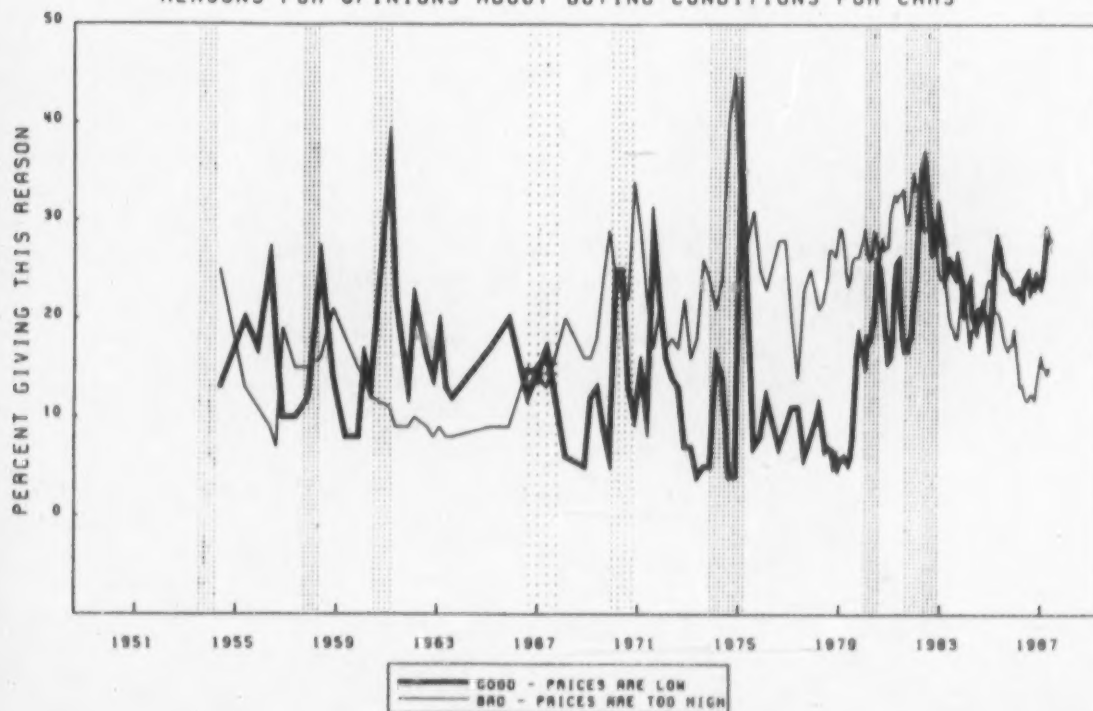


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	28%	23%	23%	23%	25%	22%	26%	23%	21%	29%	29%	28%	27%
Prices won't come down; are going higher	6	8	8	9	6	5	7	9	8	8	6	9	13
Interest rates low; credit is easy	58	62	53	52	73	58	43	45	34	38	44	40	40
New fuel efficient models	*	*	1	*	*	*	*	*	1	*	*	1	*
BAD TIME TO BUY:													
Prices are high	10	11	14	12	11	12	17	15	17	13	15	15	15
Interest rates are high; credit is tight	3	3	3	3	4	8	9	4	6	4	4	2	6
Lack of purchasing power	6	4	5	5	2	2	4	4	6	6	5	5	5
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	2	2	3	1	1	1	2	2	2	2	2	3	3

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

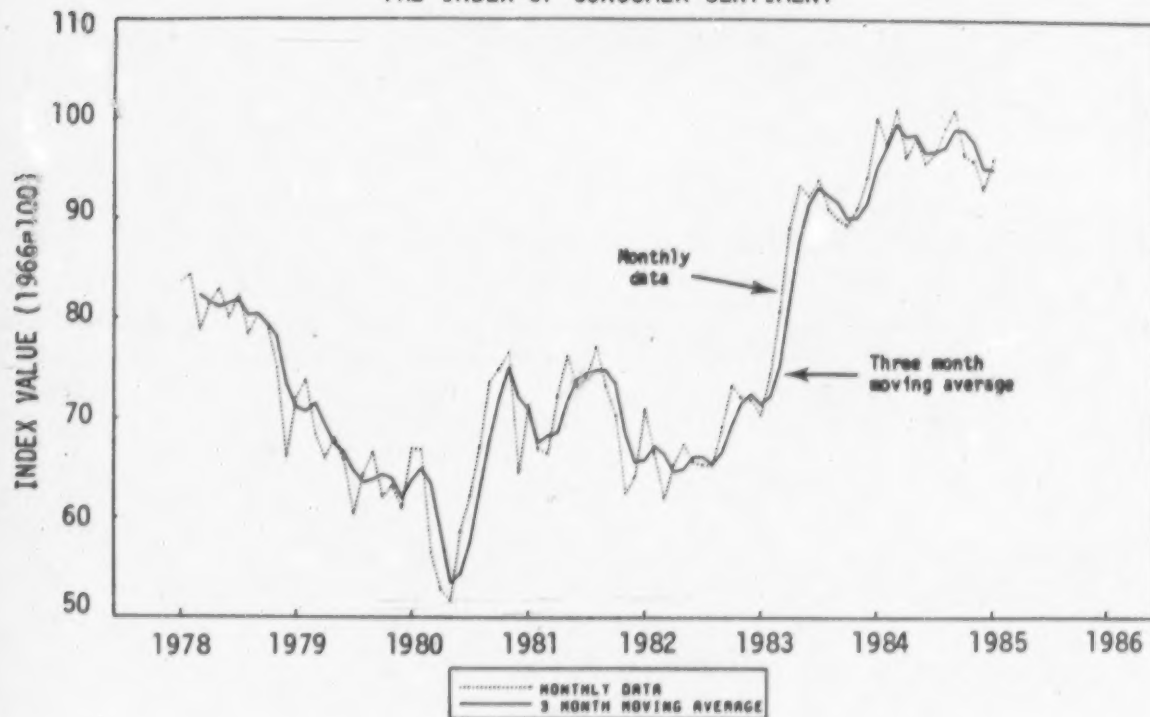
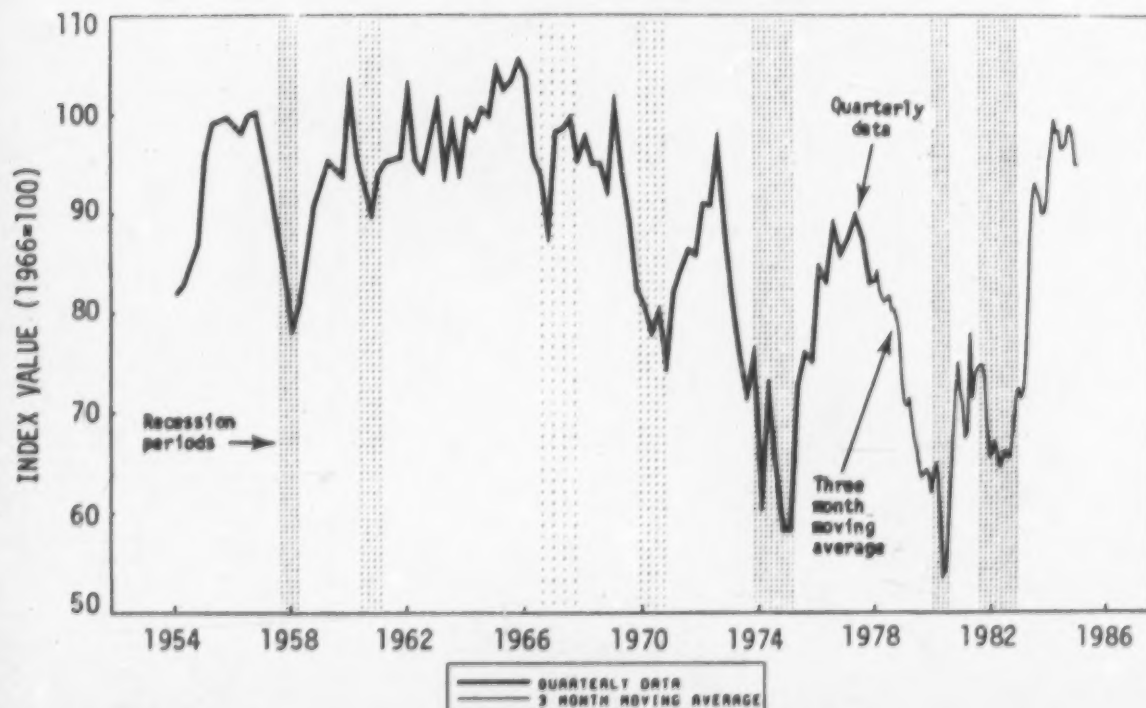


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

- QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.
- MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.
- THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES:	November 1948	-	October 1949
	July 1953	-	May 1954
	August 1957	-	April 1958
	April 1960	-	February 1961
	June 1966	-	November 1967*
	December 1969	-	November 1970
	November 1973	-	March 1975
	January 1980	-	July 1980
	July 1981	-	November 1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS^a OF SURVEY FINDINGS
(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	<u>700^b</u>	<u>1,400^c</u>	<u>2,100^d</u>
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

^aThe figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

^bAverage size of monthly surveys.

^cAverage size of two monthly surveys.

^dAverage size of three monthly surveys (one quarter).

7/17/87 177-2 (A)
SURVEYS OF CONSUMER ATTITUDES



Institute for Social Research

TABLES AND CHARTS

JUNE 1987

The June 1987 survey is the 227th in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

While every effort is made to accurately measure consumer attitudes and expectations, factors other than sampling may also affect the accuracy of these (and other) findings. These factors may include effects of the question wording, the ability of respondents to articulate answers and opinions, refusal to participate in the survey, and incomplete coverage of the population. There are no standard measures of these effects, but their presence should be acknowledged when using these and all other survey data. While measurement effects are present in all surveys, a noted advantage of time-series data is that the non-sampling influences remain relatively constant over samples.

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CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT



CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

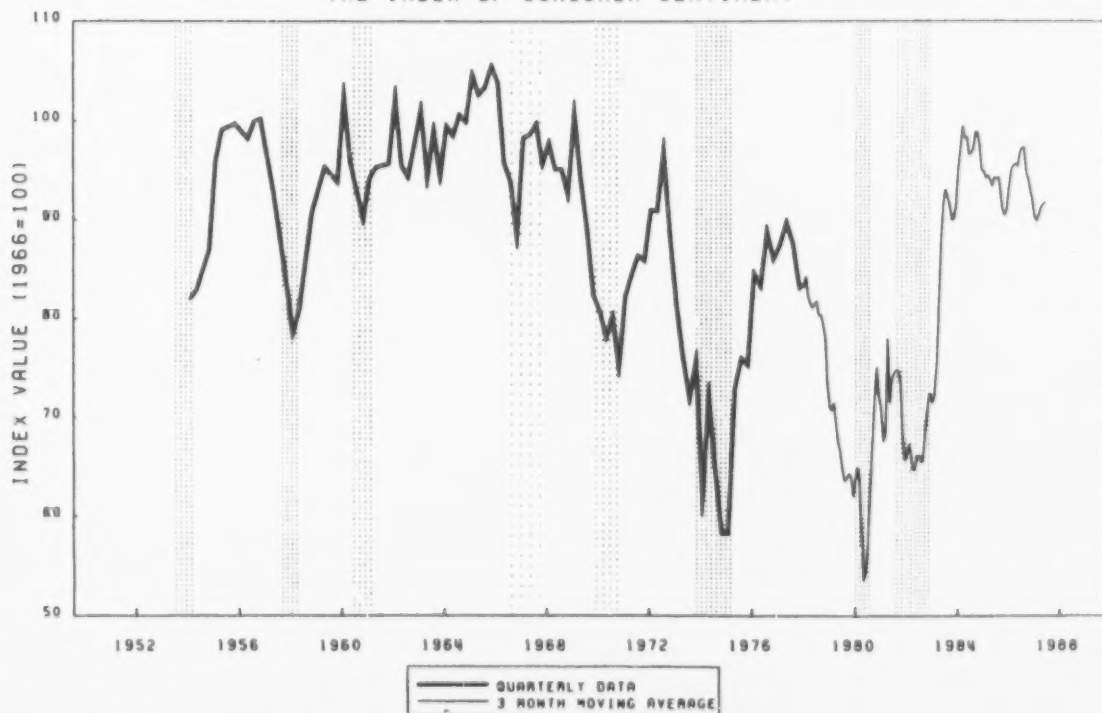


TABLE 1
THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY		All families	Families with incomes over \$30,000	Families with incomes over \$40,000
June	1984	95.5	105.5	108.6
July	1984	96.6	102.7	109.2
August	1984	99.1	113.3	116.4
September	1984	100.9	110.8	112.9
October	1984	96.3	113.5	114.8
November	1984	95.7	112.9	113.6
December	1984	92.9	101.5	101.7
January	1985	96.0	110.2	112.1
February	1985	93.7	113.8	113.8
March	1985	93.7	110.8	114.4
April	1985	94.6	108.9	114.9
May	1985	91.8	105.3	107.7
June	1985	96.5	107.4	110.3
July	1985	94.0	105.2	109.5
August	1985	92.4	106.7	110.2
September	1985	92.1	101.7	104.9
October	1985	88.4	99.6	107.4
November	1985	90.9	100.8	100.3
December	1985	93.9	106.0	108.3
January	1986	95.6	109.7	110.1
February	1986	95.9	107.8	109.0
March	1986	95.1	102.9	110.2
April	1986	96.2	106.9	111.0
May	1986	94.8	105.5	109.9
June	1986	99.3	110.6	112.4
July	1986	97.7	109.6	108.5
August	1986	94.9	105.0	106.6
September	1986	91.9	99.5	102.1
October	1986	95.6	102.8	105.5
November	1986	91.4	97.5	98.7
December	1986	89.1	98.7	98.3
January	1987	90.4	101.2	104.0
February	1987	90.2	103.6	103.6
March	1987	90.8	97.8	96.1
April	1987	92.8	98.5	103.1
May	1987	91.1	97.7	99.2
June	1987	91.5	102.9	102.9

CHART 2A - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

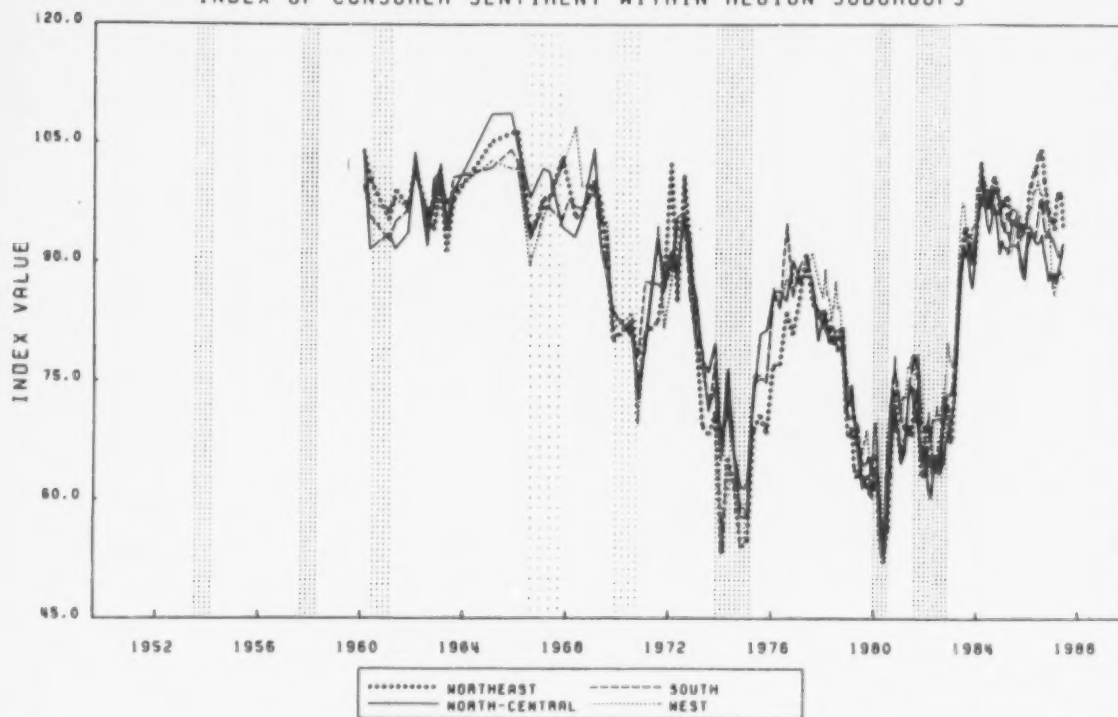


CHART 2B - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

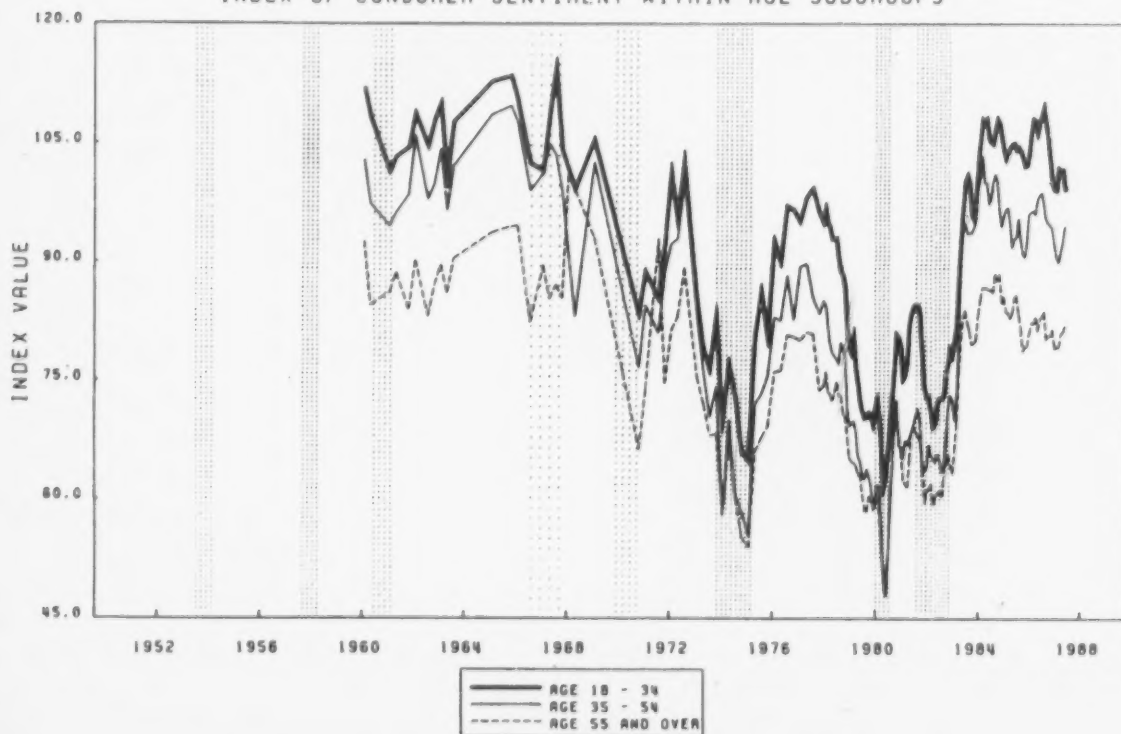


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY		CENSUS REGION				AGE OF RESPONDENT		
		North East	North Central	South	West	18-34	35-54	55+
June	1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July	1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August	1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September	1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October	1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November	1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December	1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January	1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February	1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March	1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April	1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May	1985	88.8	94.0	91.9	91.3	103.2	87.9	84.6
June	1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July	1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August	1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September	1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October	1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November	1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December	1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January	1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8
February	1986	103.4	92.7	93.2	98.0	109.7	94.1	83.8
March	1986	99.1	94.9	91.3	98.9	109.1	96.0	82.0
April	1986	102.7	92.3	94.4	99.5	104.8	97.8	83.6
May	1986	101.2	90.1	93.5	98.8	104.9	99.9	78.3
June	1986	106.2	94.1	98.5	102.7	112.7	97.9	86.6
July	1986	103.9	93.4	101.7	94.7	108.2	98.6	84.5
August	1986	102.5	92.6	90.5	98.2	107.9	95.2	80.1
September	1986	94.6	87.0	91.9	95.8	106.3	92.4	76.1
October	1986	99.1	90.0	96.5	99.3	102.5	97.3	85.7
November	1986	95.8	85.6	93.2	92.3	99.5	94.2	80.4
December	1986	91.8	90.4	89.5	84.0	98.0	91.3	78.3
January	1987	98.1	85.9	96.0	83.9	99.9	91.2	78.4
February	1987	92.4	89.5	90.7	89.2	99.1	89.2	81.5
March	1987	104.6	86.3	87.5	91.2	106.4	89.3	77.7
April	1987	99.4	91.7	93.7	87.2	99.0	95.1	83.5
May	1987	91.3	92.9	92.1	87.1	99.5	92.8	82.1
June	1987	92.5	92.2	91.5	89.7	99.0	95.5	80.0

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

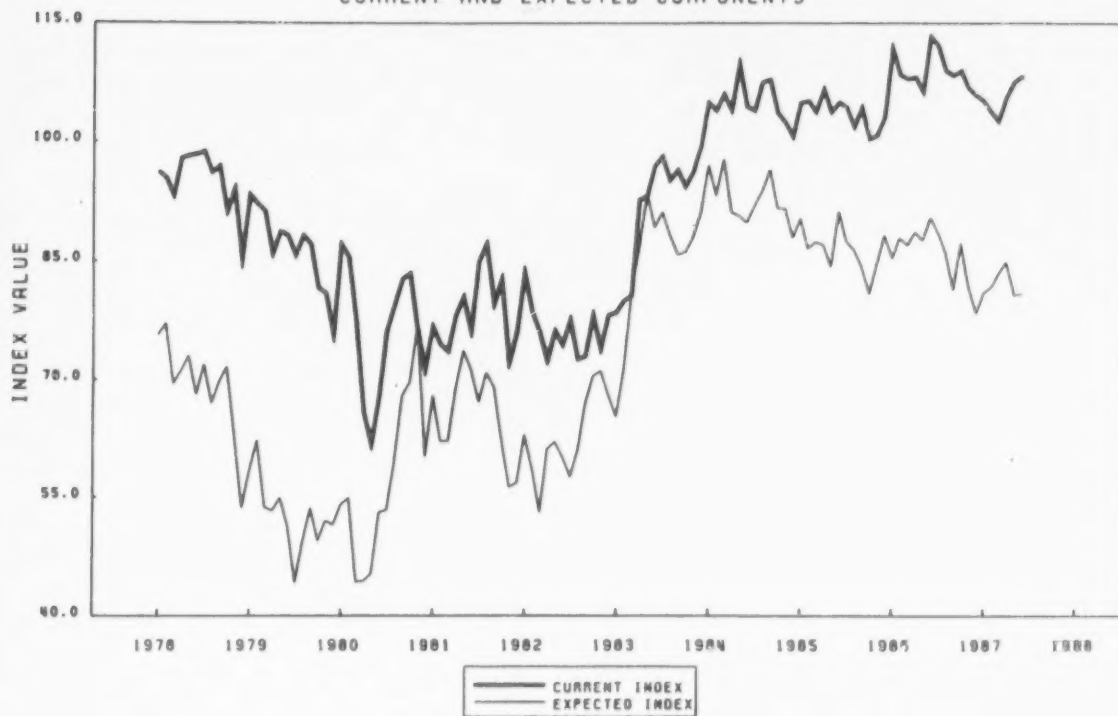


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

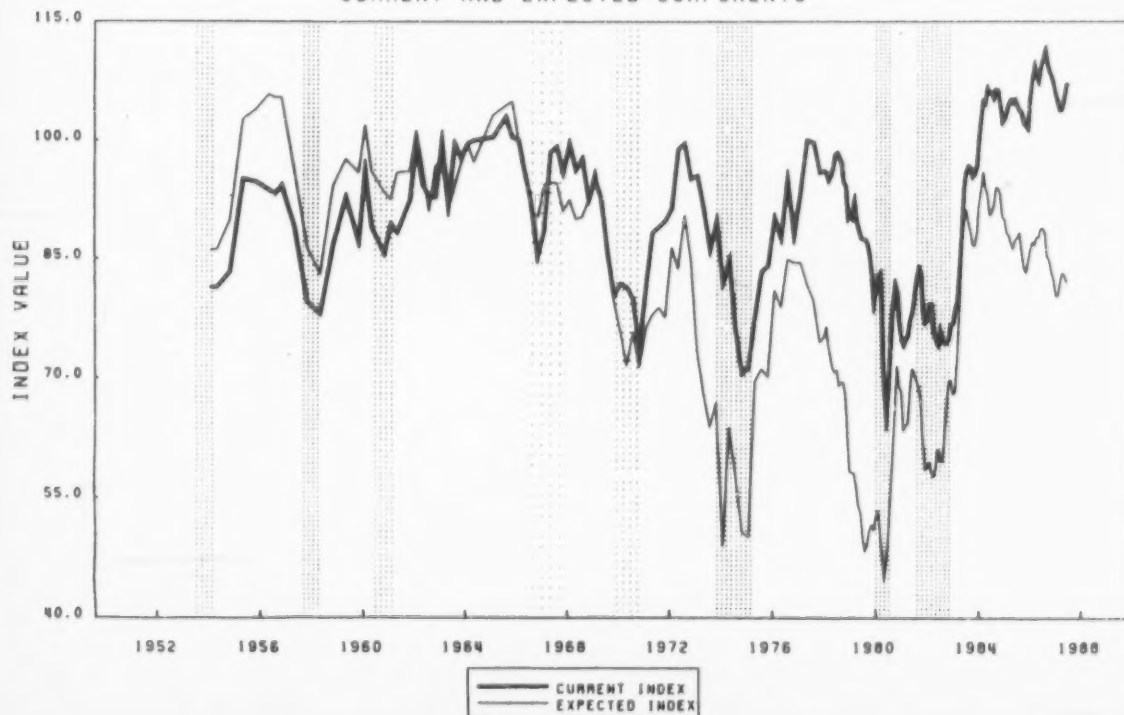


TABLE 3
COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

		INDEX COMPONENTS +							
		Personal finances		Business conditions		Buying conds.	Current Index	Expected Index	
		Current	Expected	12 months	5 years				
DATE OF SURVEY		(1)	(2)	(3)	(4)	(5)	(1,5)	(2,3,4)	
June 1984		126	124	131	106	145	104.4	89.8	
July 1984		117	124	133	113	152	103.9	91.9	
August 1984		125	129	137	111	153	107.5	93.7	
September 1984		125	131	142	116	154	107.8	96.4	
October 1984		118	127	134	107	150	103.6	91.6	
November 1984		121	129	132	107	144	102.4	91.5	
December 1984		118	125	131	98	143	100.6	87.9	
January 1985		119	124	135	104	153	104.9	90.3	
February 1985		115	120	131	96	158	105.1	86.5	
March 1985		112	123	133	96	156	103.7	87.3	
April 1985		116	127	128	95	161	106.6	87.0	
May 1985		116	120	121	97	152	103.7	84.2	
June 1985		115	127	133	106	157	104.9	91.1	
July 1985		116	124	129	98	154	104.3	87.4	
August 1985		112	123	125	99	152	101.8	86.3	
September 1985		116	124	118	96	155	104.3	84.2	
October 1985		111	123	111	90	148	100.3	80.8	
November 1985		111	124	120	96	150	100.7	84.5	
December 1985		120	124	127	103	147	103.1	88.1	
January 1986		122	123	126	93	168	111.8	85.3	
February 1986		117	123	132	98	164	108.4	87.8	
March 1986		120	124	129	96	160	107.9	86.9	
April 1986		120	128	133	94	160	108.1	88.5	
May 1986		117	129	131	92	158	106.2	87.5	
June 1986		124	127	136	100	170	113.3	90.3	
July 1986		126	130	131	94	165	112.1	88.5	
August 1986		121	128	123	94	161	108.9	85.9	
September 1986		120	127	115	84	161	108.3	81.3	
October 1986		120	127	124	99	162	108.9	87.1	
November 1986		121	121	120	87	155	106.7	81.6	
December 1986		116	127	104	83	158	105.8	78.3	
January 1987		120	130	117	77	152	105.1	80.9	
February 1987		115	126	117	84	153	103.7	81.6	
March 1987		114	122	121	92	152	102.5	83.3	
April 1987		116	127	116	97	158	105.5	84.7	
May 1987		117	121	114	89	161	107.4	80.6	
June 1987		120	122	113	89	161	108.1	80.8	

- (1) See Table 4.
- (2) See Table 6.
- (3) See Table 15.
- (4) See Table 16.
- (5) See Table 21.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO



CHART 4 - HISTORICAL SERIES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

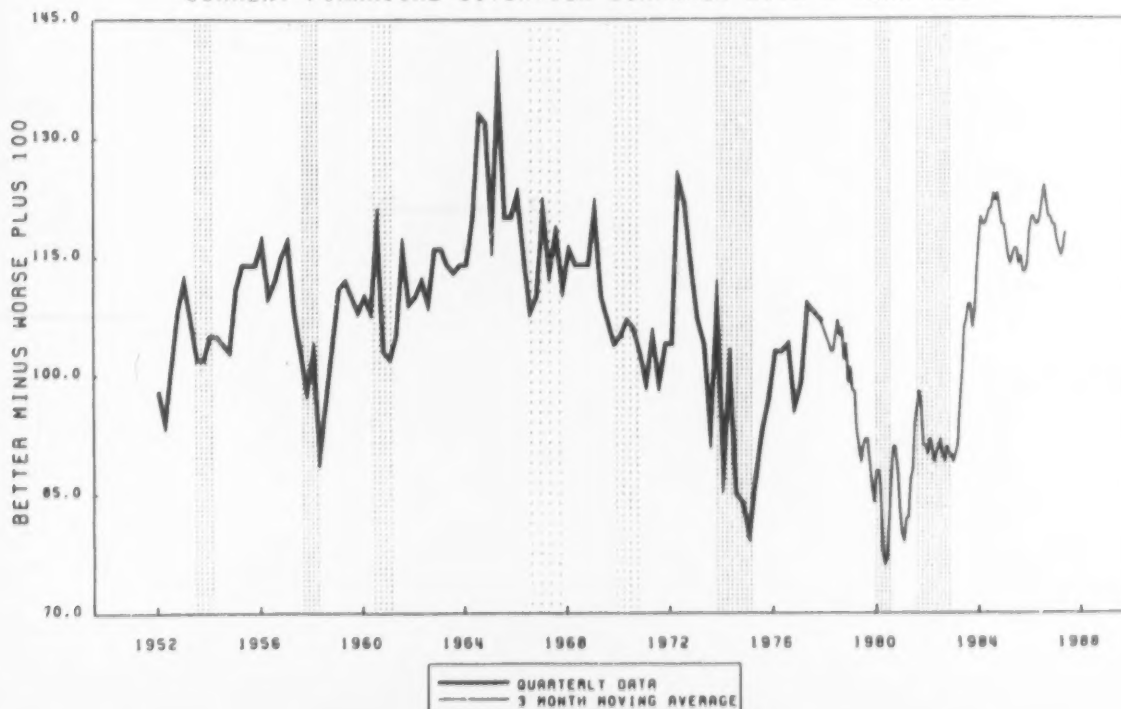


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987
BETTER OFF	47%	49%	46%	45%	44%	43%	43%	45%	44%	41%	42%	43%	44%
SAME	29	28	28	30	32	35	30	29	27	32	32	31	32
WORSE OFF	23	23	25	25	24	22	27	25	29	27	26	26	24
DK, NA	1	*	1	*	*	*	*	1	*	*	*	*	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	665	653	659	651	656	653	655	657	652	652	651	654

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

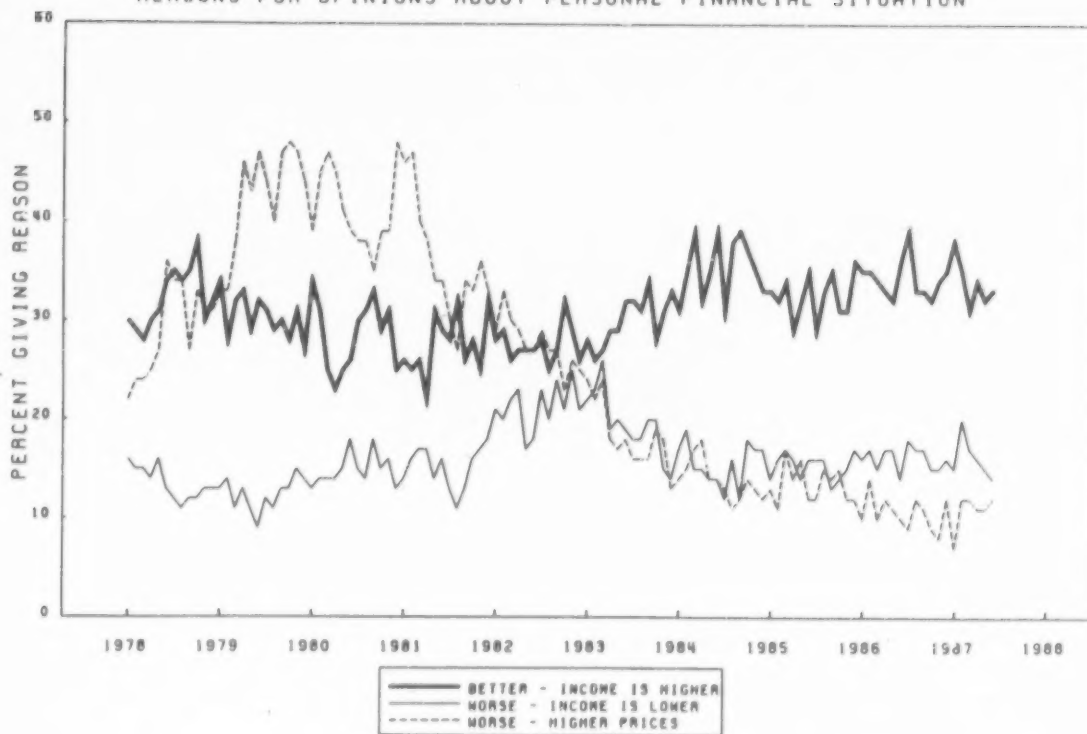


CHART 5 - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

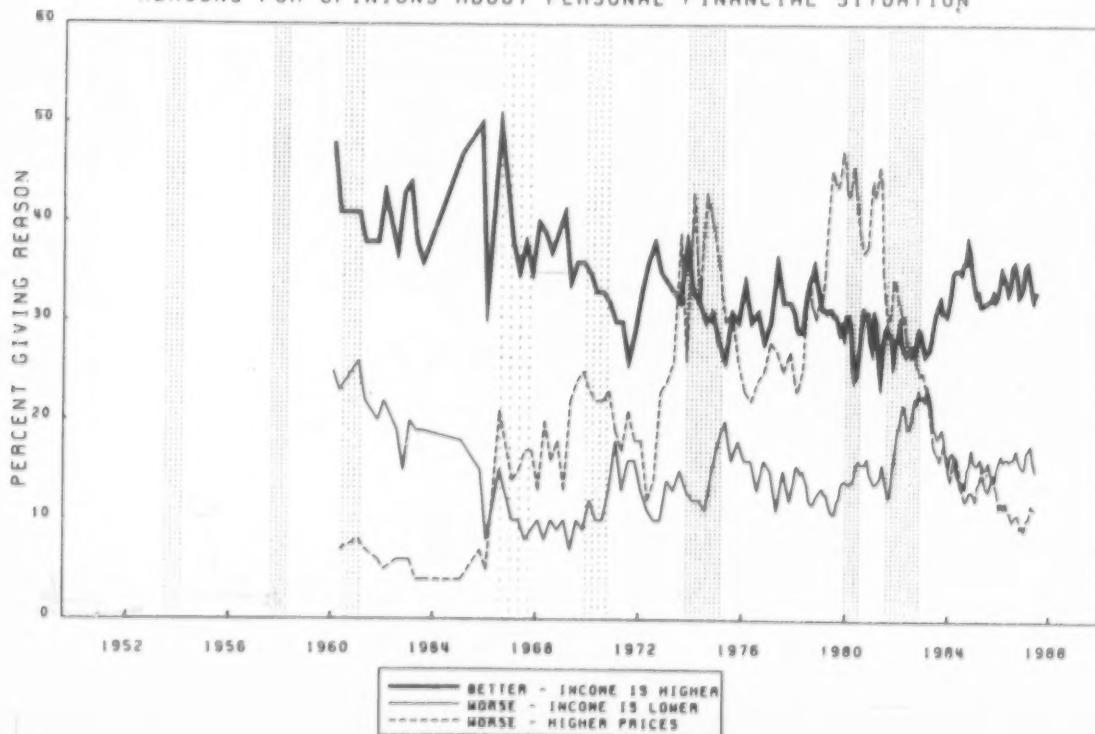


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987
BETTER OFF THAN YEAR AGO:													
Income is higher	36%	39%	33%	33%	32%	34%	35%	38%	35%	31%	34%	32%	33%
WORSE OFF THAN YEAR AGO:													
Income is lower	14	18	17	17	15	15	16	15	20	17	16	15	14
Higher prices	10	9	12	11	9	8	12	7	12	12	11	11	12

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES
EXPECTED CHANGE IN FINANCIAL SITUATION

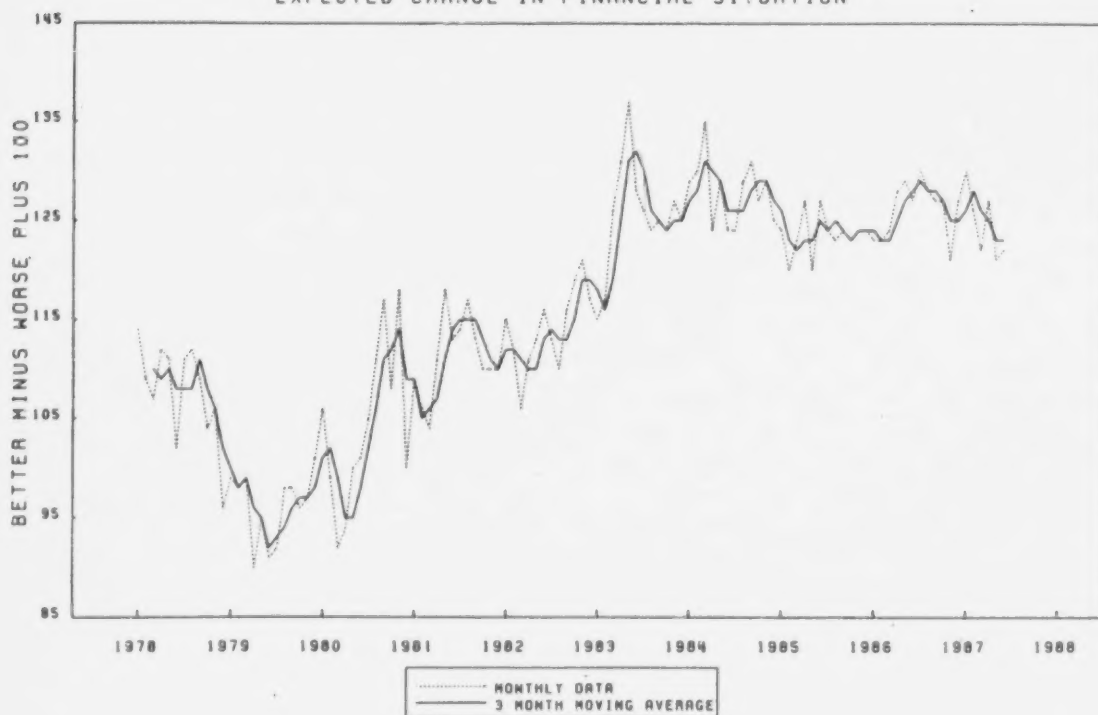


CHART 6 - HISTORICAL SERIES
EXPECTED CHANGE IN FINANCIAL SITUATION

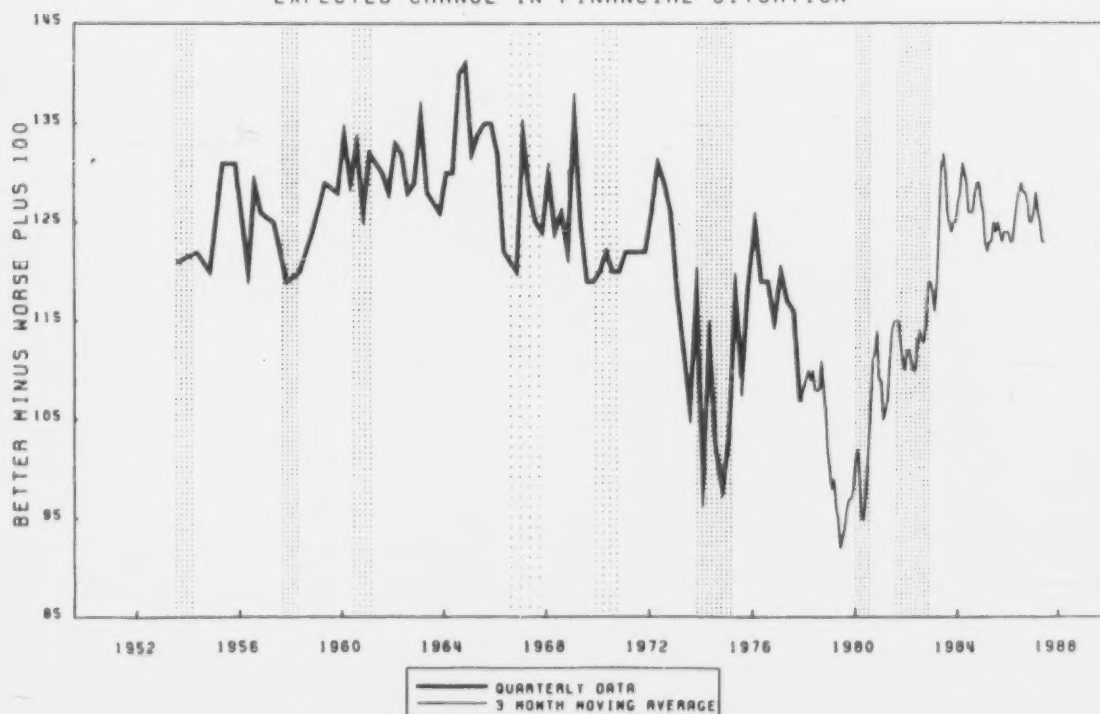


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987
BETTER OFF	38%	38%	39%	38%	37%	33%	36%	39%	38%	33%	37%	32%	33%
SAME	49	52	48	47	51	52	52	48	48	53	49	54	53
WORSE OFF	11	8	11	11	10	12	9	9	12	11	10	11	11
DK,NA	2	2	2	4	2	3	3	4	2	3	4	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	665	653	659	651	656	653	655	657	652	652	651	654

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION

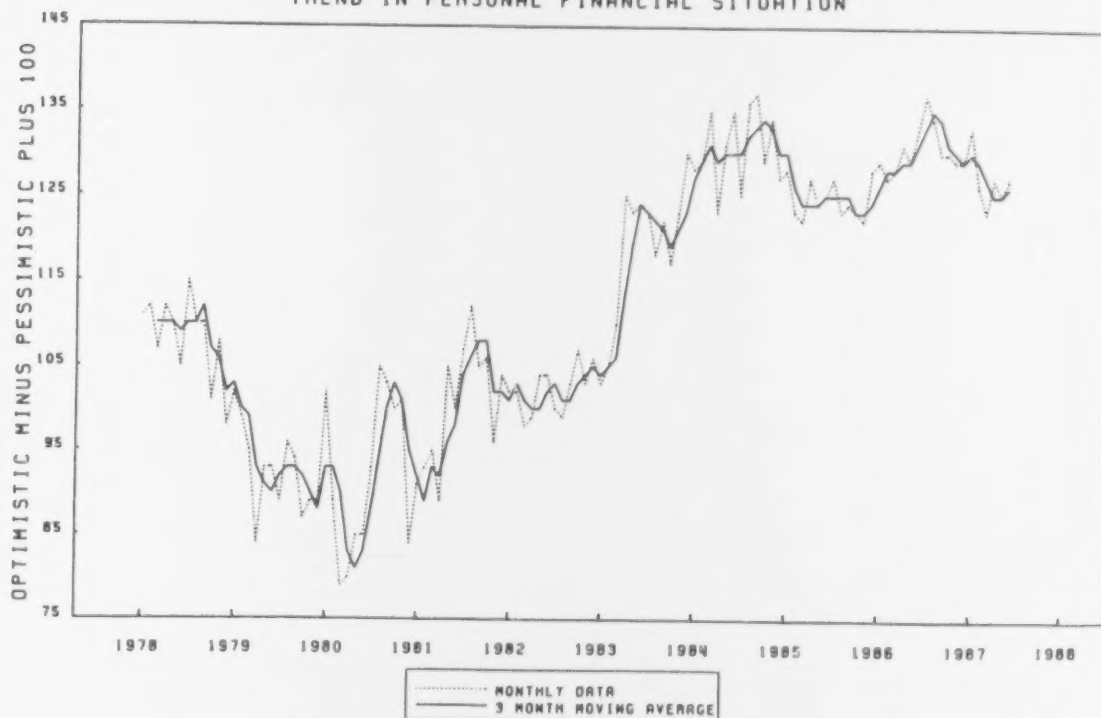


CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION

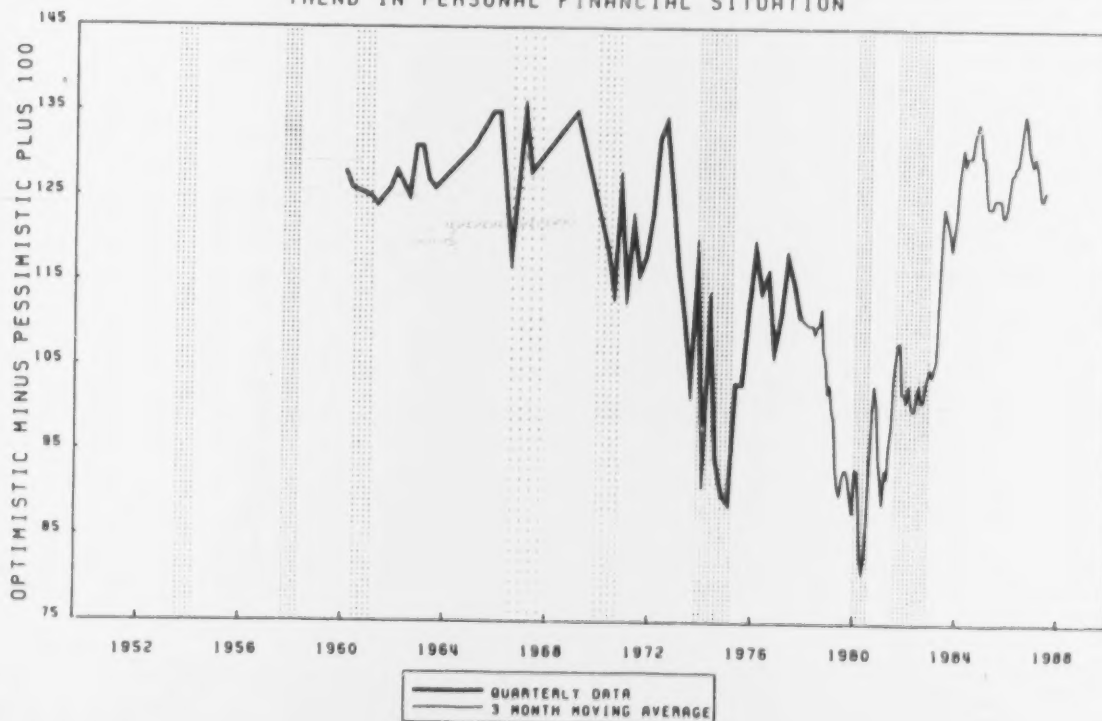


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	22%	23%	21%	21%	22%	18%	18%	22%	22%	19%	19%	17%	18%
Intermittant increase (b)	29	29	32	29	27	29	29	28	27	25	28	28	31
Remain unchanged (c)	18	19	15	16	19	22	19	17	15	22	17	20	17
Intermittant decline (d)	14	12	13	15	16	13	14	14	17	16	17	16	17
Continuous decline (e)	4	3	6	5	3	5	4	3	6	5	3	4	5
Mixed change (f)	11	11	11	10	11	10	13	12	11	10	12	12	8
DK, NA	2	3	2	4	2	3	3	4	2	3	4	3	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	665	653	659	651	656	653	655	657	652	652	651	654

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
 (b) Better/Same or Same/Better
 (c) Same/Same
 (d) Worse/Same or Same/Worse
 (e) Worse/Worse
 (f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

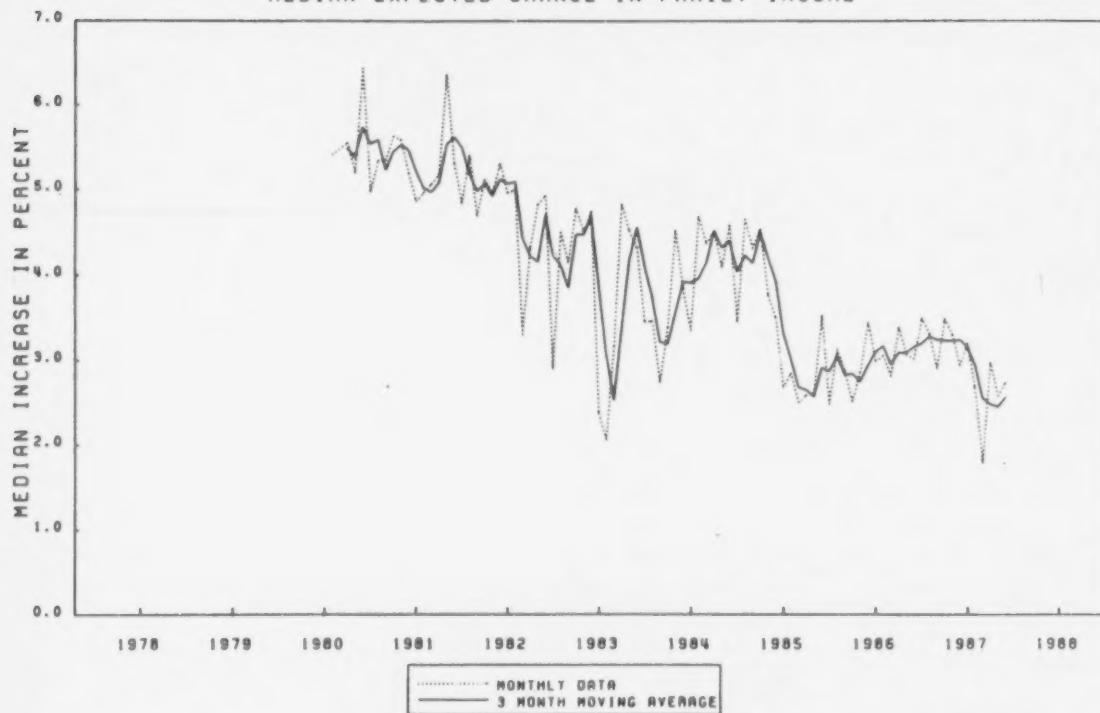


CHART 8 - HISTORICAL SERIES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

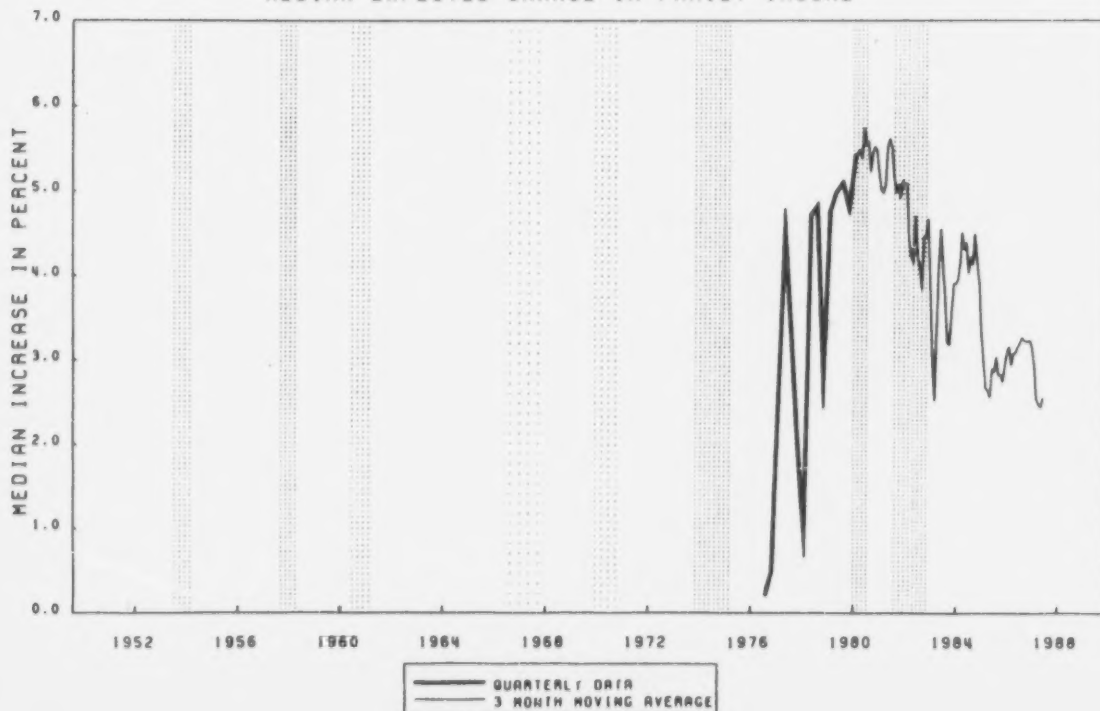


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987
EXPECT INCREASE:													
1-4%	15%	15%	16%	16%	14%	17%	18%	16%	15%	17%	15%	18%	21%
5%	11	12	11	15	12	13	12	11	12	11	9	9	9
6-9%	8	8	7	7	6	9	8	8	5	7	8	8	10
10-24%	15	17	14	15	19	15	14	17	15	11	19	14	13
25% or more	7	8	9	4	7	6	6	6	6	5	5	6	5
DK how much up	3	4	5	3	3	4	4	4	6	6	4	3	4
EXPECT SAME	25	22	24	26	26	23	26	25	27	28	27	26	26
EXPECT DOWN	14	14	13	13	12	12	12	12	14	15	13	15	12
DK, NA	2	*	1	1	1	1	*	1	*	*	*	1	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	665	653	659	651	656	653	655	657	652	652	651	654

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

* : Less than half of one percent.

CHART 9 - RECENT CHANGES
INCOME OR PRICES UP MORE NEXT YEAR

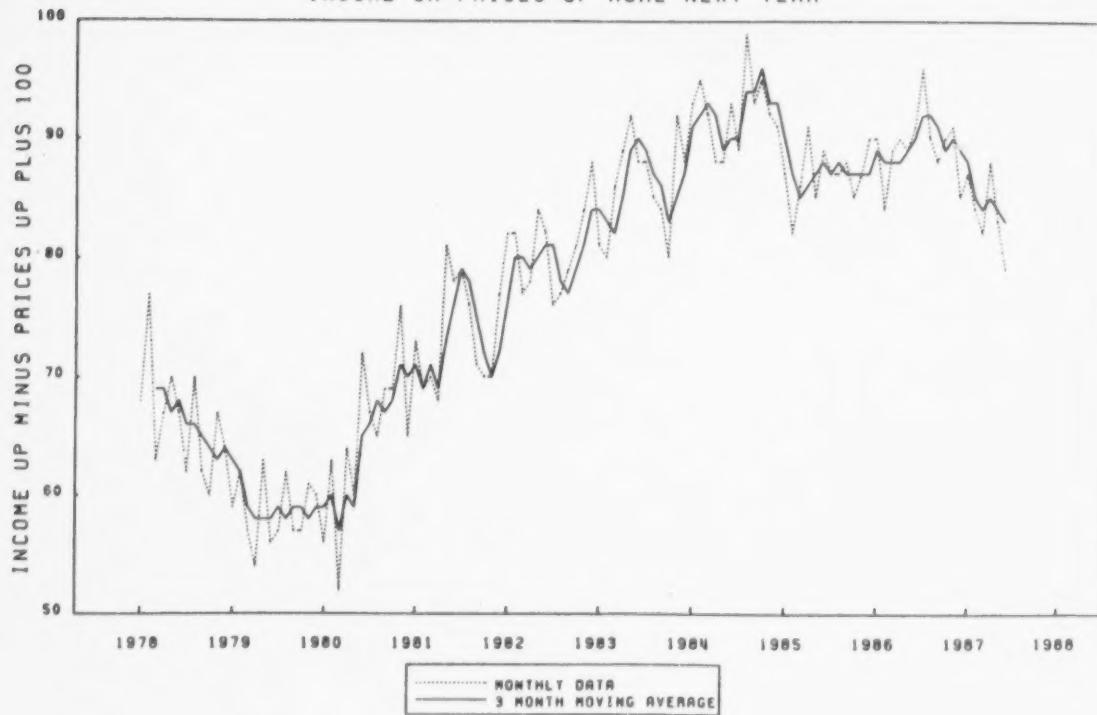


CHART 9 - HISTORICAL SERIES
INCOME OR PRICES UP MORE NEXT YEAR

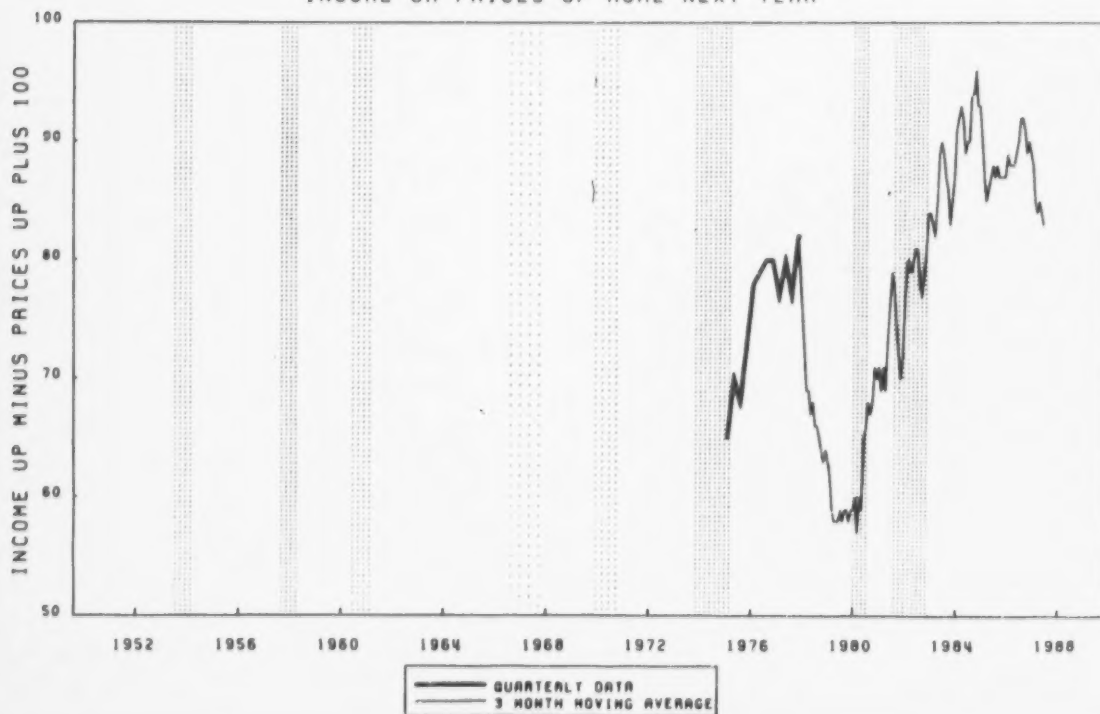


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987
INCOME UP MORE	23%	24%	22%	20%	22%	21%	19%	22%	20%	18%	21%	17%	17%
INCOME UP SAME	43	47	44	47	45	47	45	41	42	44	44	48	44
PRICES UP MORE	32	28	32	32	32	30	34	35	36	36	33	34	38
DK,NA	2	1	2	1	1	2	2	2	2	2	2	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	665	653	659	651	656	653	655	657	652	652	651	654

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

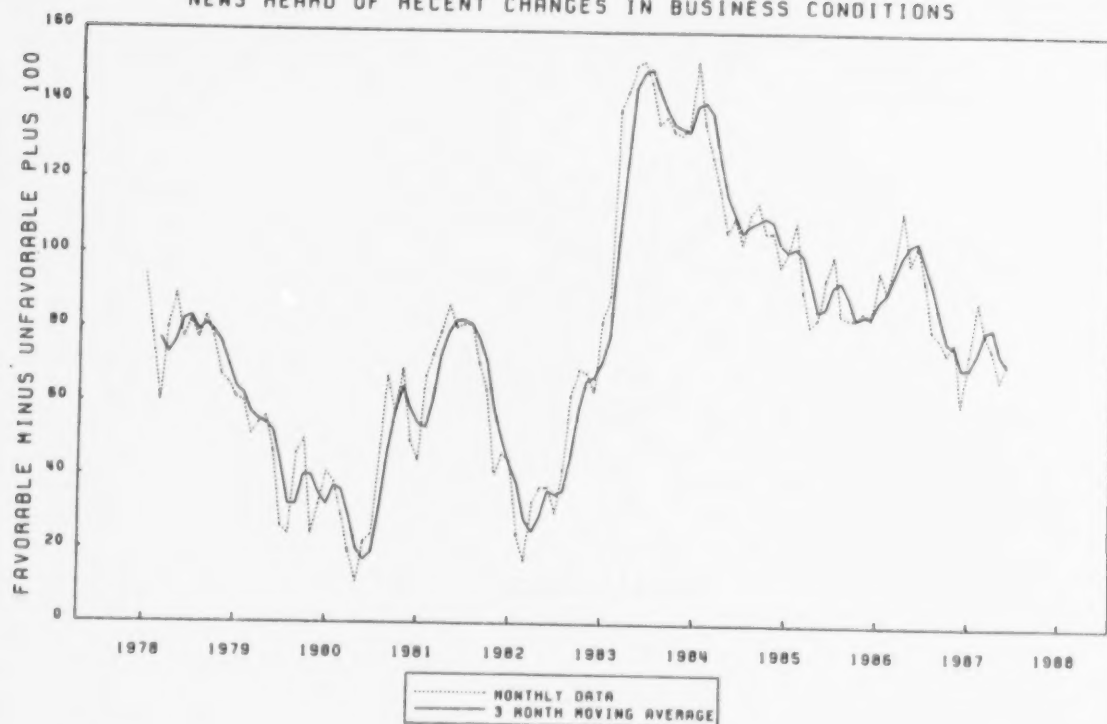


CHART 10 - HISTORICAL SERIES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

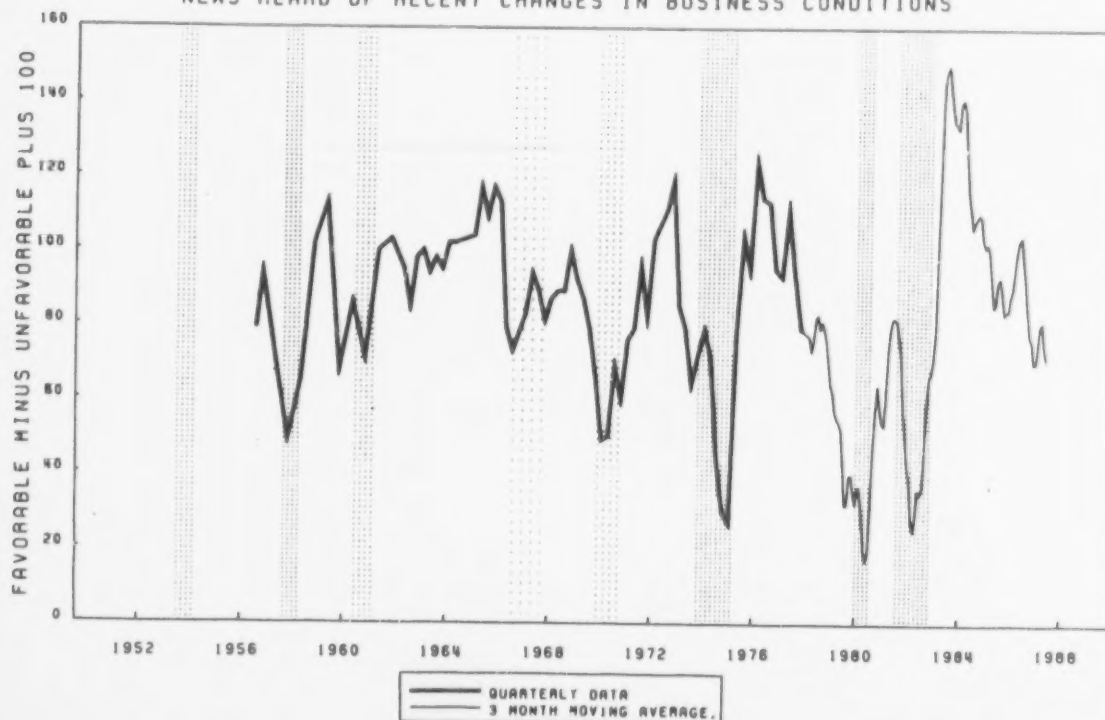


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987
FAVORABLE NEWS	42%	37%	33%	29%	26%	30%	22%	26%	36%	27%	27%	26%	29%
UNFAVORABLE NEWS	39	44	53	51	52	53	62	52	48	48	52	59	57
NO MENTIONS	46	45	44	49	48	47	44	44	45	49	46	44	42

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

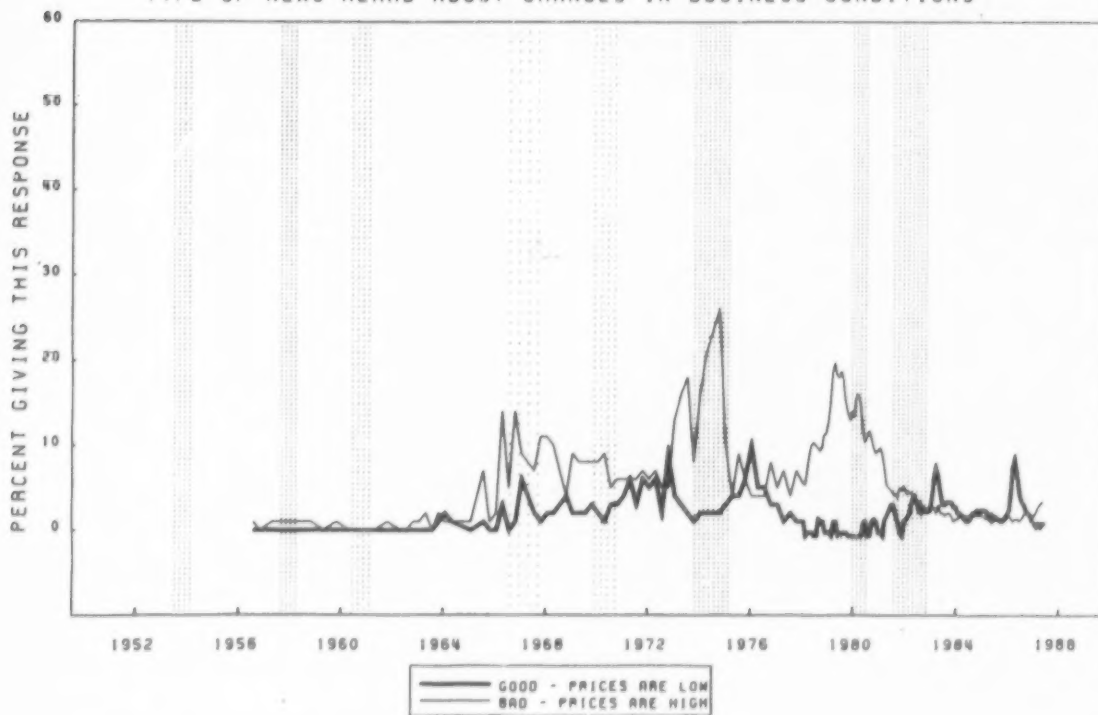


CHART 11B - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

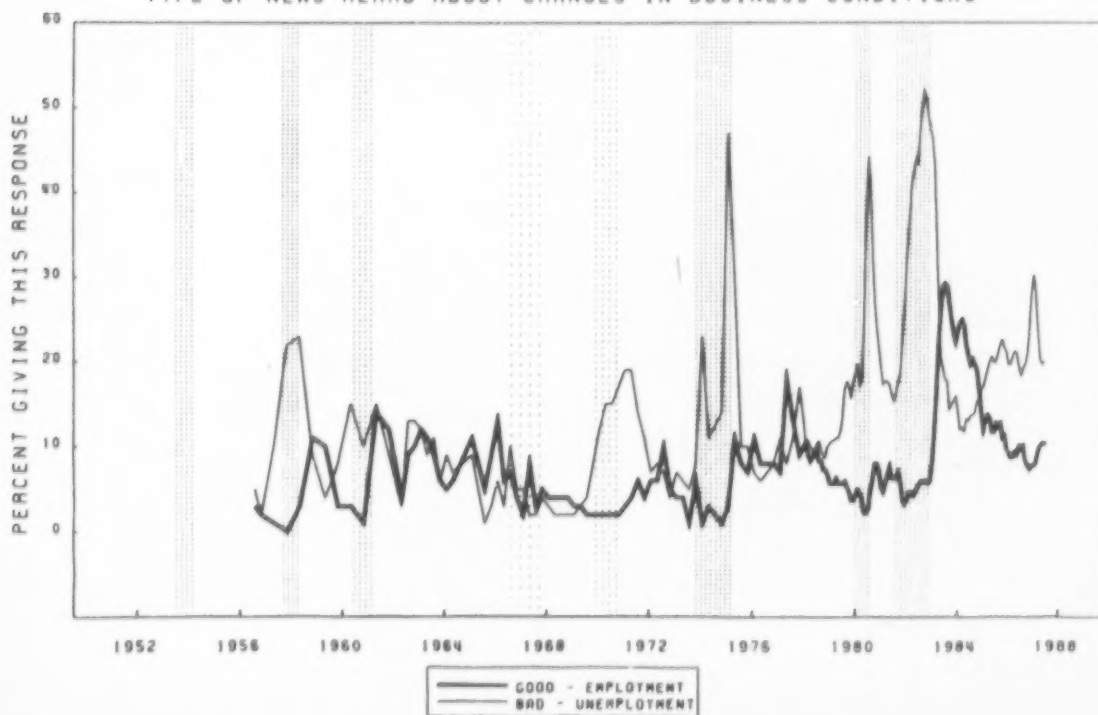


TABLE 11
SELECTED ITEMS OF
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987
FAVORABLE NEWS:													
Government; elections	3%	3%	2%	2%	1%	3%	1%	2%	2%	2%	3%	1%	2%
Employment	11	9	10	6	7	9	7	7	10	11	9	11	11
Higher consumer demand	2	1	3	2	3	2	2	3	3	1	1	1	2
Lower prices	3	4	3	2	2	2	1	*	1	*	1	*	1
Easier credit	9	11	7	11	8	5	5	5	6	4	2	3	3
UNFAVORABLE NEWS:													
Government; elections	4	5	5	6	8	6	8	9	5	7	7	7	7
Unemployment	18	19	21	19	23	29	33	29	23	20	18	21	21
Lower consumer demand	2	1	2	1	2	2	4	2	3	2	2	2	3
Higher prices	1	*	3	2	2	1	2	1	2	3	3	3	4
Tighter credit	2	1	1	1	*	1	1	1	1	1	4	6	7
Energy crisis	*	*	*	*	*	*	*	*	*	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

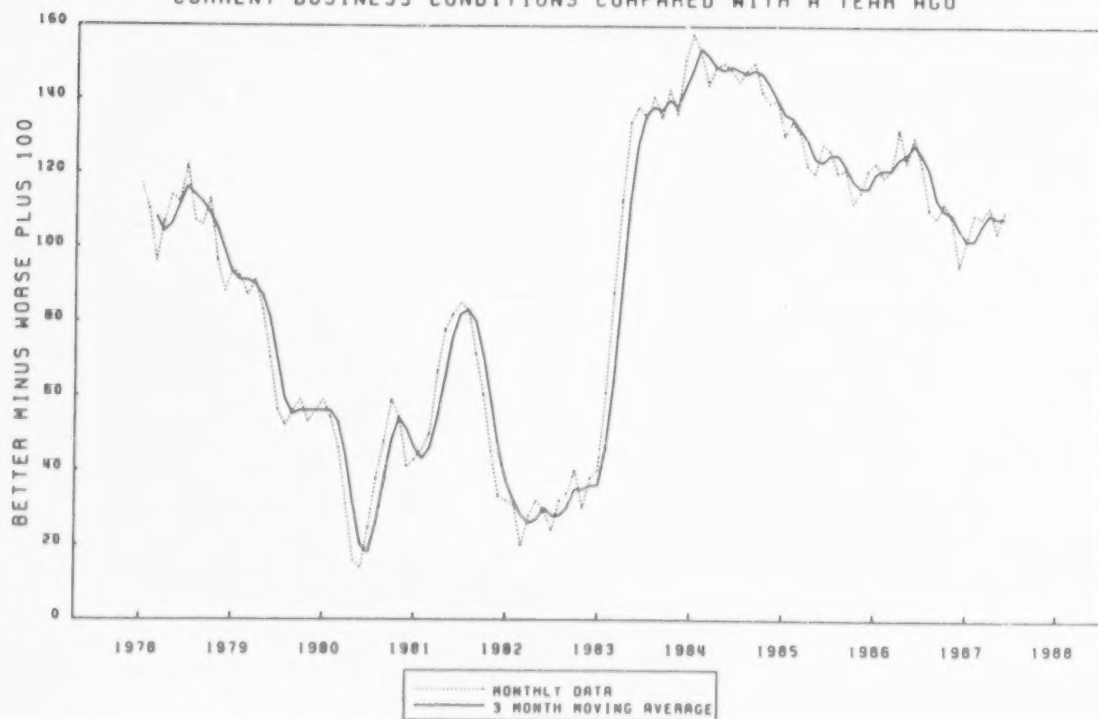


CHART 12 - HISTORICAL SERIES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

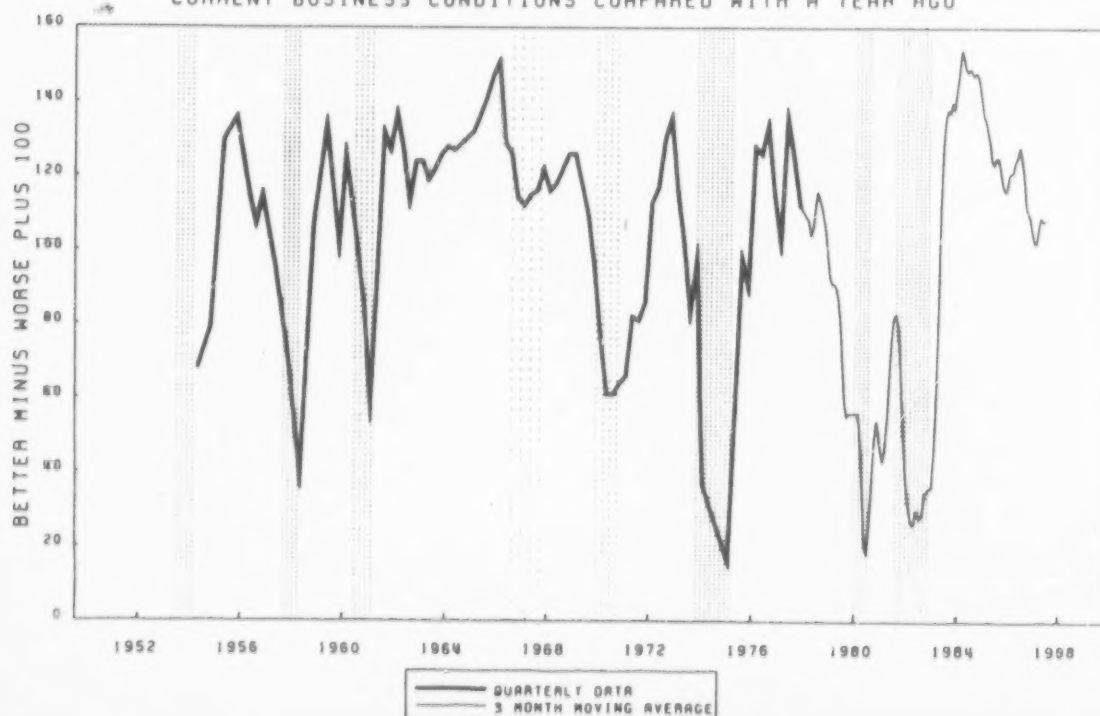


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987
BETTER NOW	60%	53%	47%	47%	47%	45%	40%	43%	47%	45%	46%	43%	46%
SAME	8	14	14	13	15	16	13	14	14	17	17	16	16
WORSE NOW	30	31	37	39	35	37	45	41	38	37	35	39	36
DK, NA	2	2	2	1	3	2	2	2	1	1	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	665	653	659	651	656	653	655	657	652	652	651	654

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR



CHART 13 - HISTORICAL SERIES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

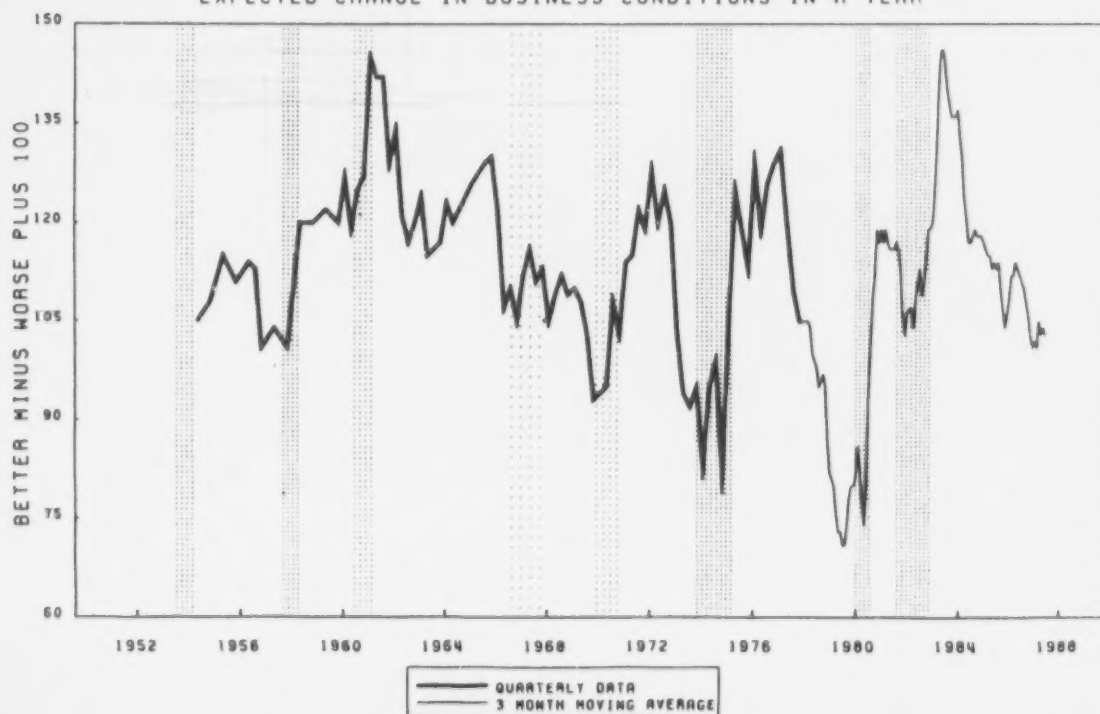


TABLE 13
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987
BETTER	25%	24%	26%	23%	21%	20%	20%	24%	22%	22%	21%	22%	23%
SAME	60	60	56	55	59	59	56	58	54	61	60	57	57
WORSE	14	14	17	18	18	19	22	17	23	14	18	20	19
DK,NA	1	2	1	4	2	2	2	1	1	3	1	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	665	653	659	651	656	653	655	657	652	652	651	654

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

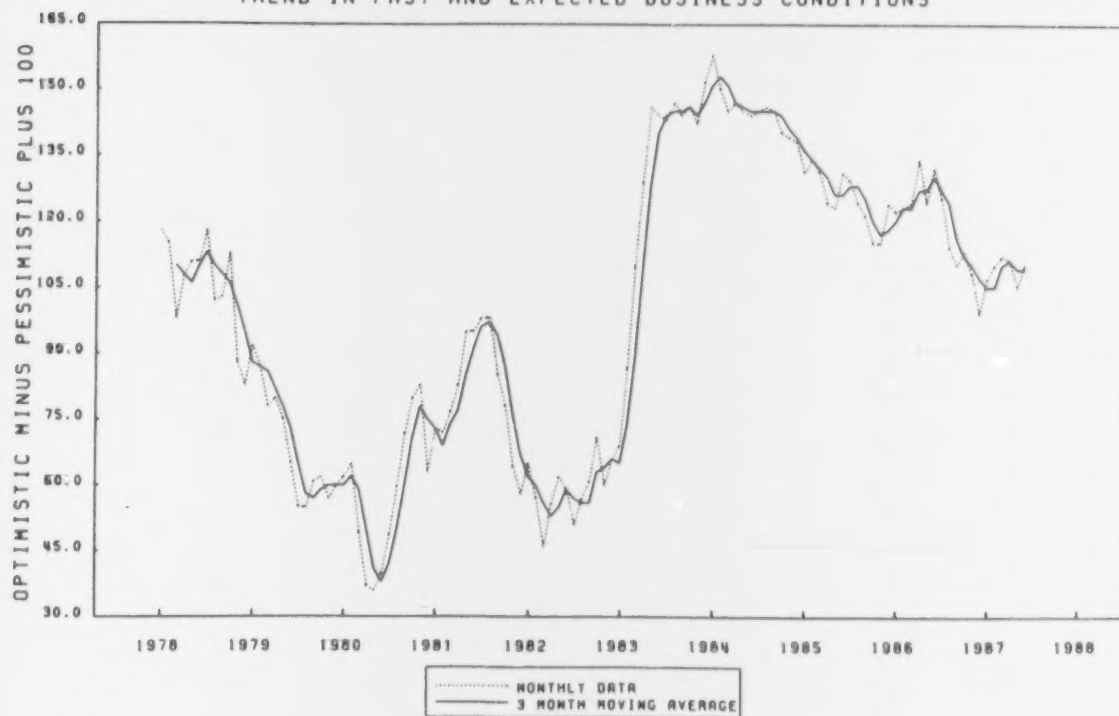


CHART 14 - HISTORICAL SERIES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

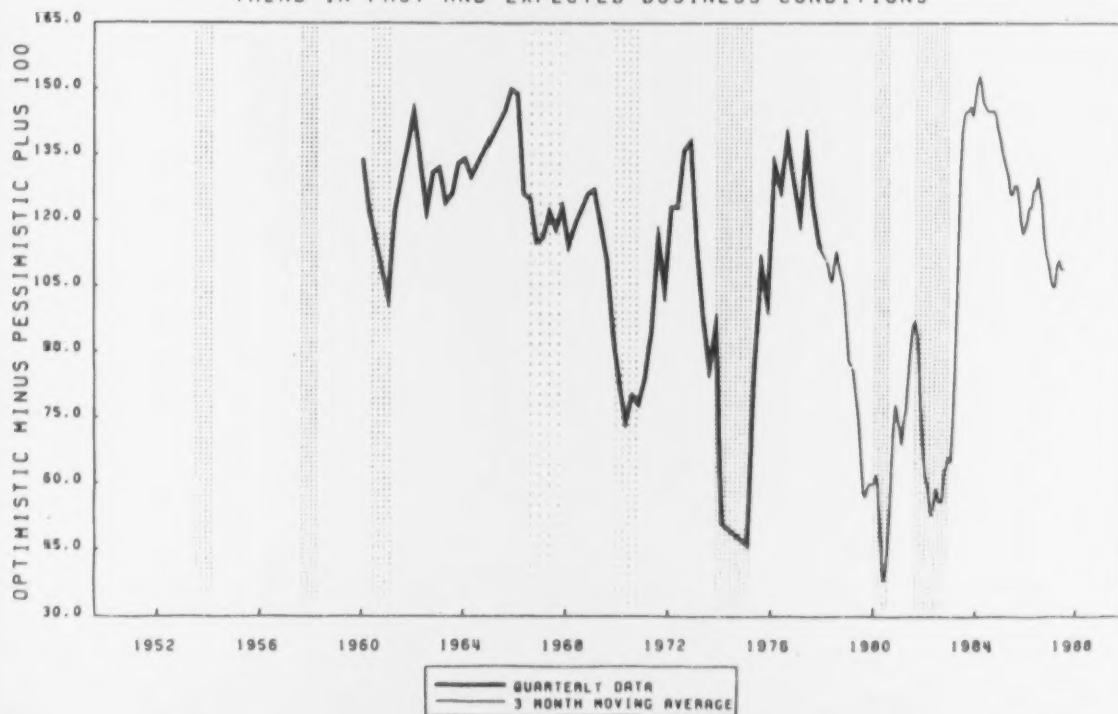


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987
TREND:													
Continuous increase (a)	18%	16%	17%	15%	13%	12%	12%	15%	14%	13%	13%	12%	14%
Intermittant increase (b)	41	36	29	29	31	30	27	27	32	32	30	28	28
Remain unchanged (c)	5	10	10	8	10	10	10	10	7	11	11	10	11
Intermittant decline (d)	17	18	20	22	21	23	23	24	21	23	22	24	21
Continuous decline (e)	10	9	12	12	10	11	17	11	15	10	10	11	11
Mixed change (f)	7	8	9	10	11	11	7	10	9	7	10	12	12
DK,NA	2	3	3	4	4	3	4	3	2	4	4	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	665	643	659	651	656	653	655	657	652	652	651	654

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
 (b) Better/Same or Same/Better
 (c) Same/Same
 (d) Worse/Same or Same/Worse
 (e) Worse/Worse
 (f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS



CHART 15 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

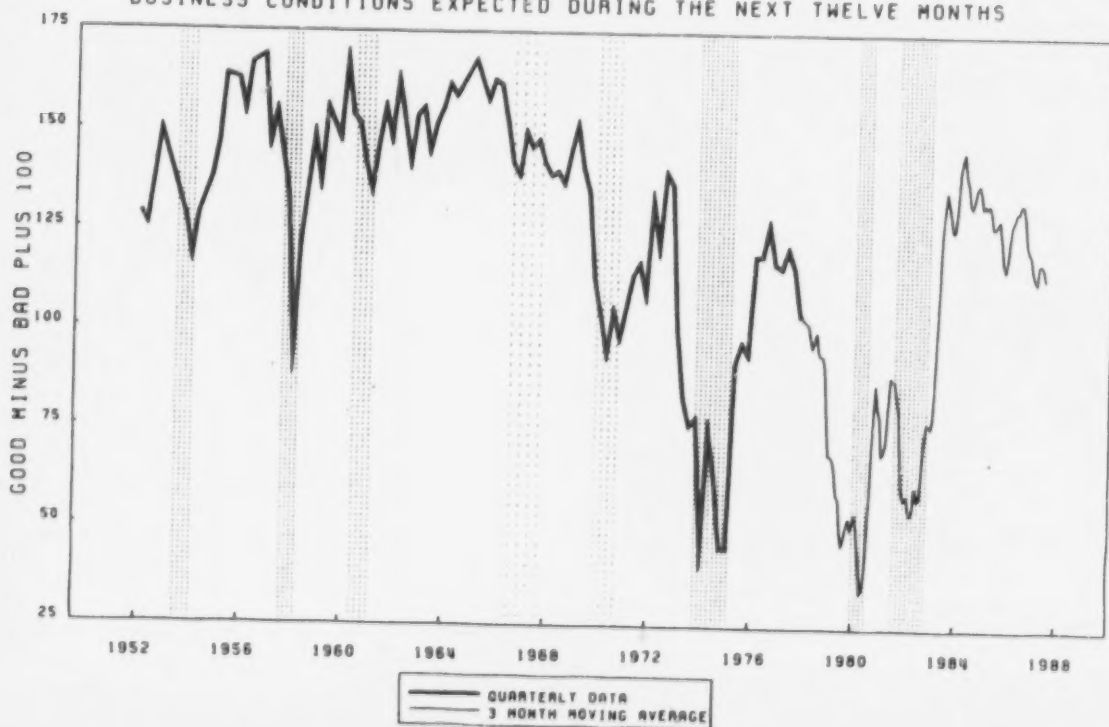


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987
GOOD TIMES	62%	61%	55%	50%	55%	53%	45%	53%	53%	55%	51%	51%	50%
UNCERTAIN; GOOD & BAD	2	3	4	3	3	3	2	3	1	2	2	1	2
BAD TIMES	26	30	32	35	31	33	41	36	36	34	35	37	37
DON'T KNOW	6	4	5	8	4	5	5	4	5	5	8	5	5
NOT ASCERTAINED	4	2	4	4	7	6	7	4	5	4	4	6	6
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	665	653	659	651	656	653	655	657	652	652	651	654

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS



CHART 16 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

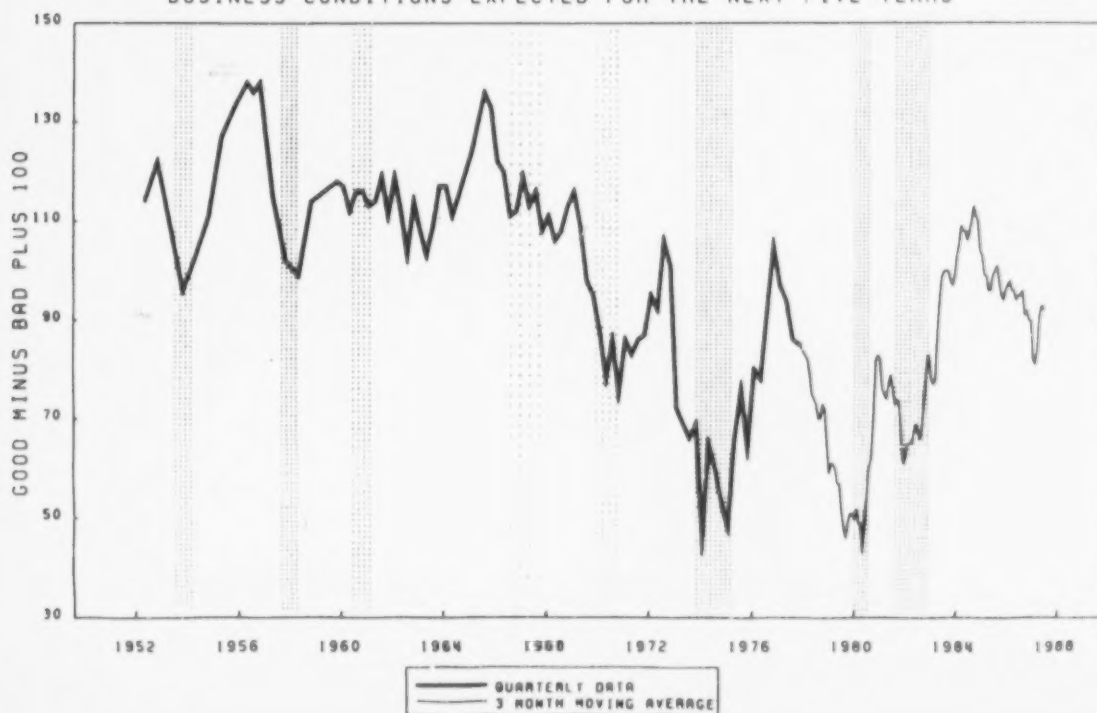


TABLE 16

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987
GOOD TIMES	40%	38%	39%	33%	41%	35%	33%	30%	34%	39%	41%	36%	37%
UNCERTAIN; GOOD & BAD	14	13	10	11	13	14	13	13	12	10	9	13	9
BAD TIMES	40	44	45	49	42	48	50	53	50	47	44	47	48
NOT ASCERTAINED	6	5	6	7	4	3	4	4	4	4	6	4	6
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	665	653	659	651	656	653	655	657	652	652	651	654

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

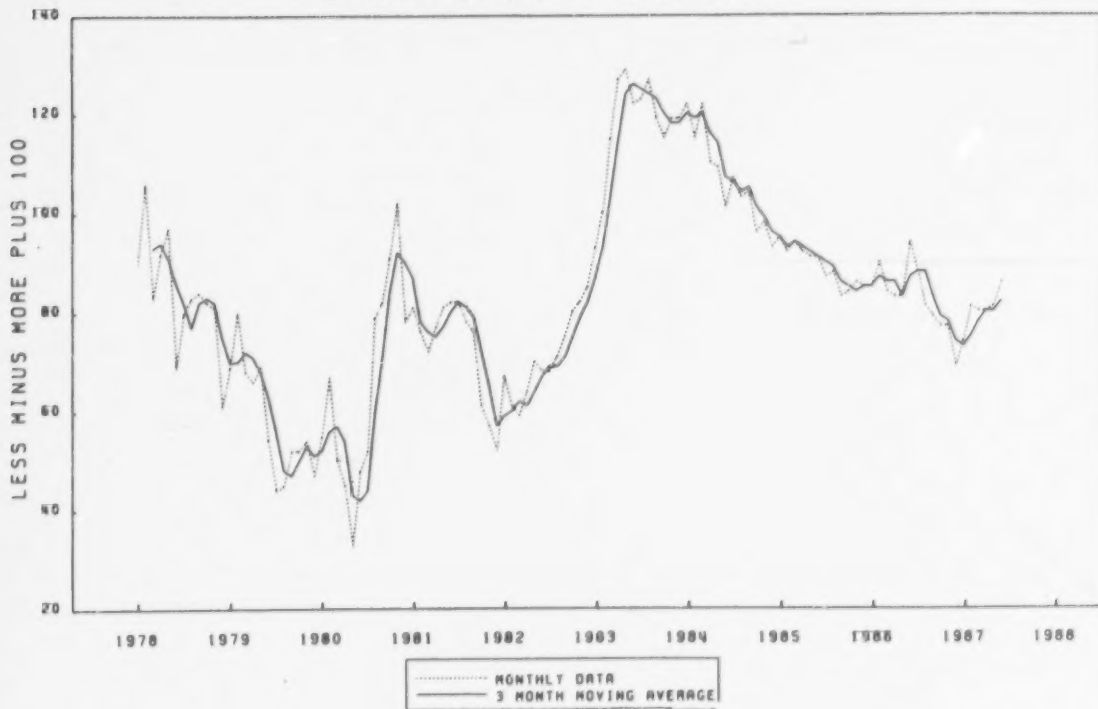


CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

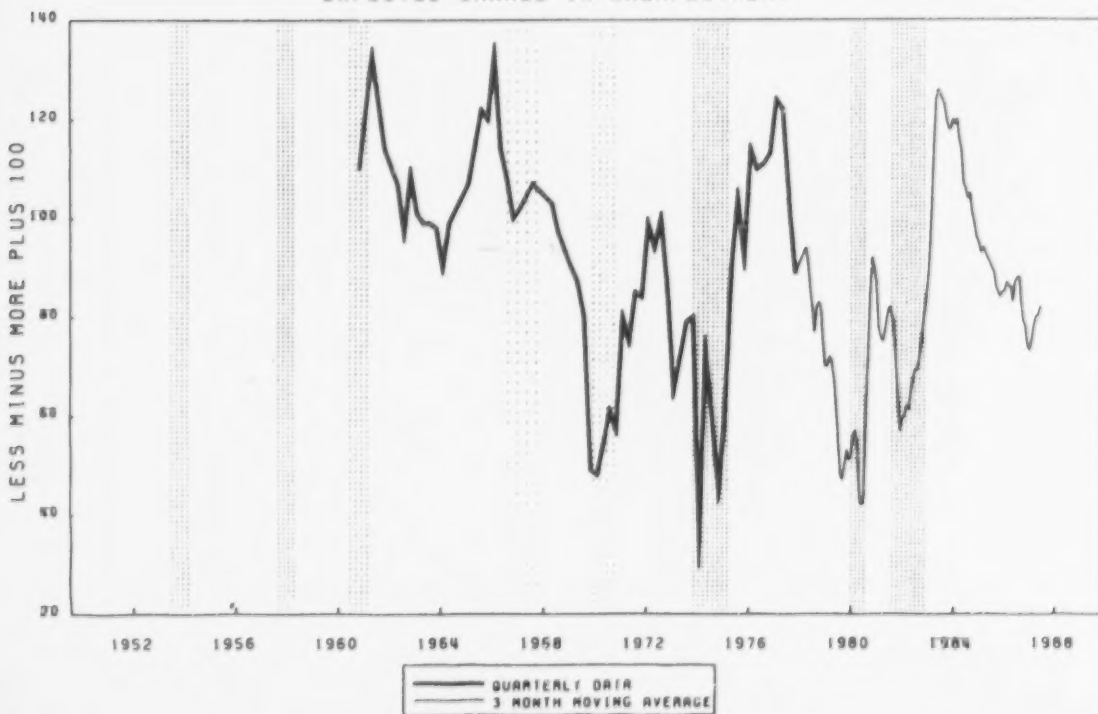


TABLE 17

EXPECTED CHANGE IN UNEMPLOYMENT

	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987
LESS	20%	15%	13%	11%	10%	11%	11%	12%	14%	15%	13%	13%	16%
SAME	53	56	54	54	55	54	46	49	52	48	52	53	52
MORE	26	27	32	32	33	34	42	38	33	35	33	32	30
DK,NA	1	2	1	3	2	1	1	1	1	2	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	665	653	659	651	656	653	655	657	652	652	651	654

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

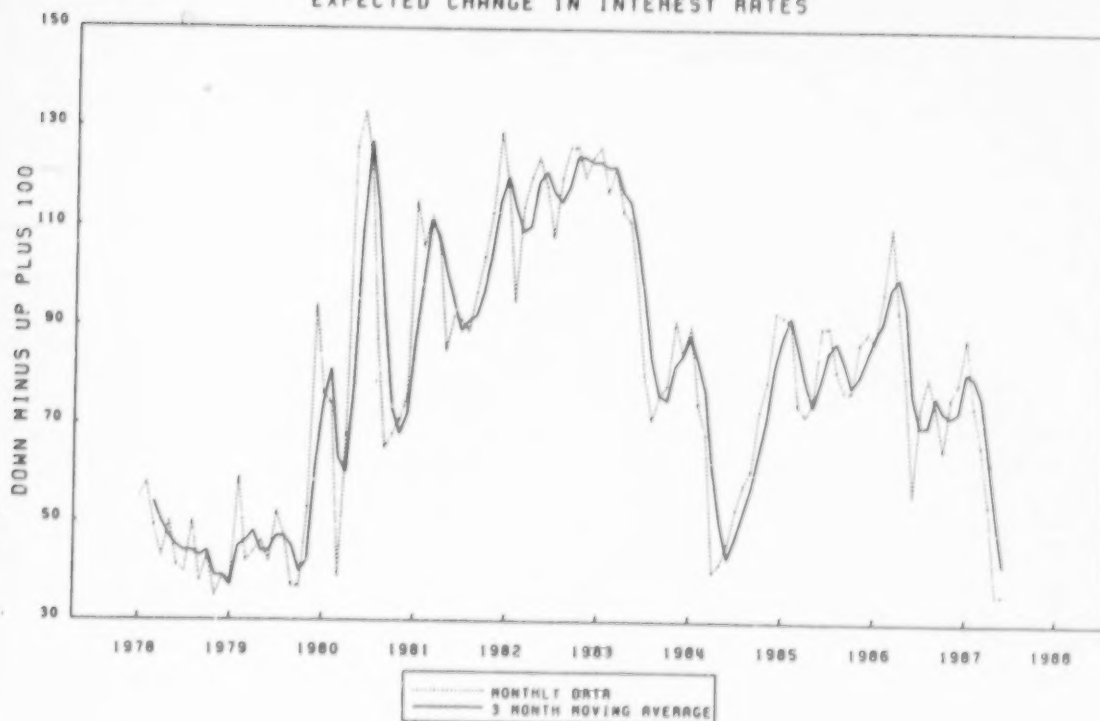


CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

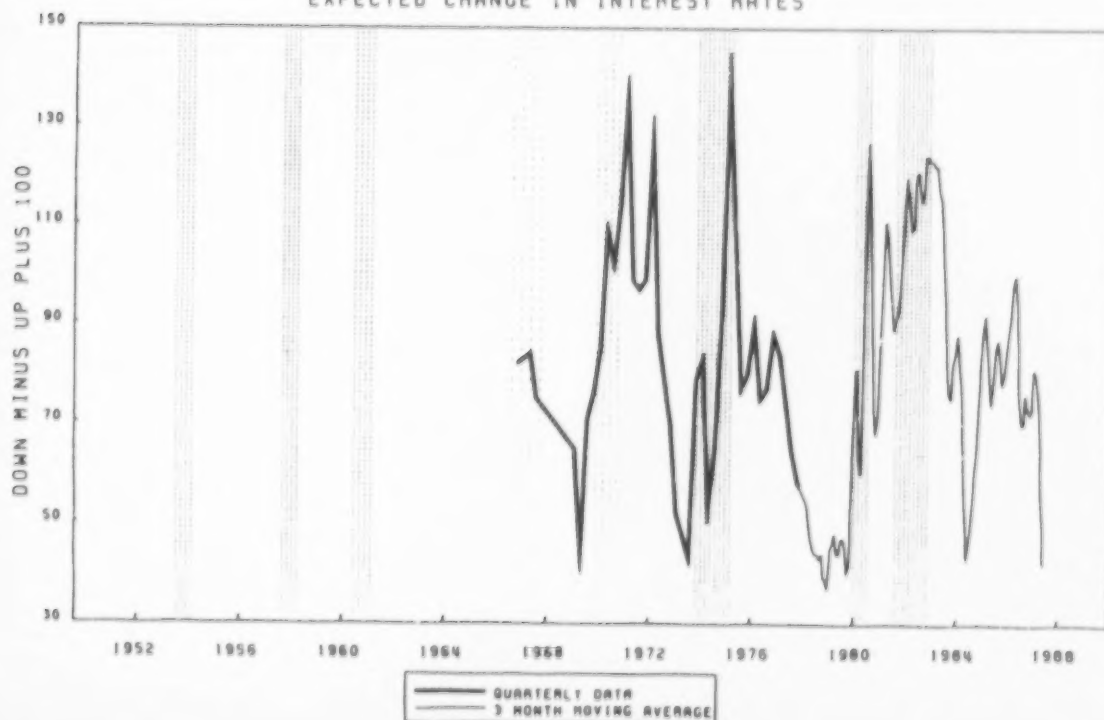


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987
GO UP	54%	45%	42%	49%	50%	43%	41%	37%	43%	49%	57%	71%	69%
STAY THE SAME	34	35	34	26	33	37	37	35	38	33	29	21	24
GO DOWN	10	19	22	23	15	19	20	25	17	15	11	7	5
DK,NA	2	1	2	2	2	1	2	3	2	3	3	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	665	653	659	651	656	653	655	657	652	652	651	654

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS



CHART 19 - HISTORICAL SERIES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

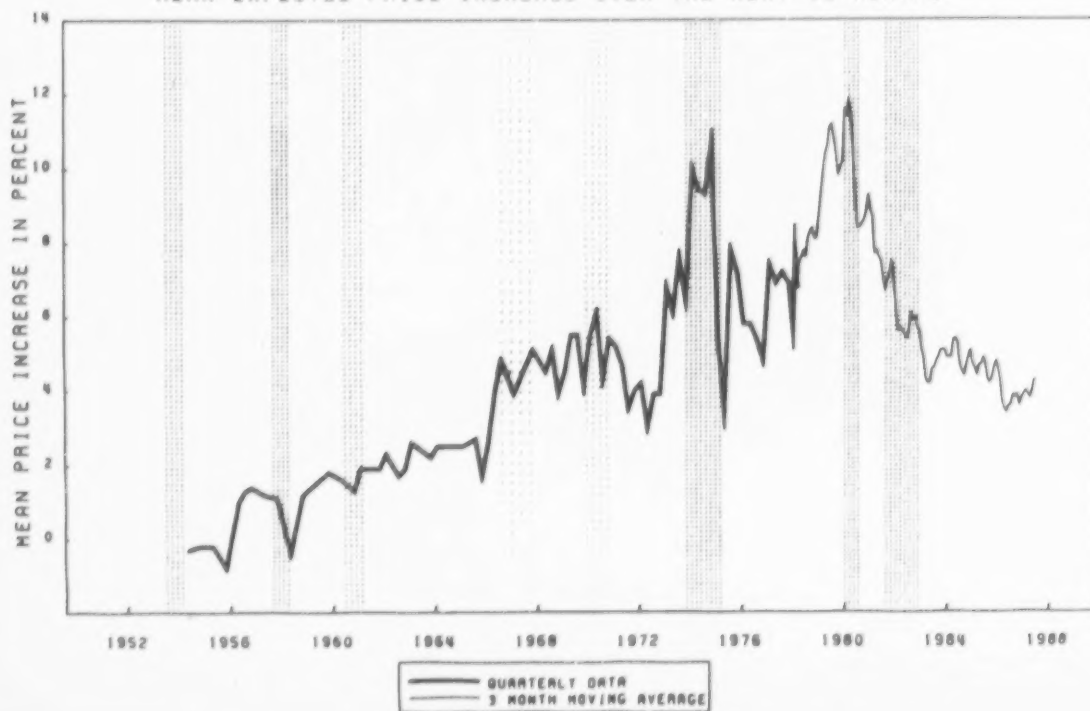


TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987
SAME OR DOWN	22%	29%	21%	23%	22%	22%	20%	20%	21%	21%	19%	15%	14%
WILL GO UP BY:													
1-2%	20	13	18	18	17	19	18	18	17	19	19	18	18
3-4%	20	23	24	23	19	25	23	24	21	21	23	23	25
5%	16	16	14	16	21	15	17	14	18	18	16	18	17
6-9%	6	5	7	5	5	6	7	6	5	6	8	10	7
10-14%	6	5	8	5	8	7	6	7	9	5	7	7	8
15% or more	4	4	4	3	2	2	4	4	4	3	2	4	4
DK how much up	5	4	4	6	5	3	4	6	5	6	6	4	6
DK, NA	1	1	*	1	1	1	1	1	*	1	*	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	3.8	3.7	4.3	3.5	3.8	3.6	4.1	3.9	4.1	3.6	3.7	4.7	4.5
VARIANCE	23	32	38	18	17	28	32	25	26	18	21	36	27
CASES	658	665	653	659	651	656	653	655	657	652	652	651	654

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 20 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

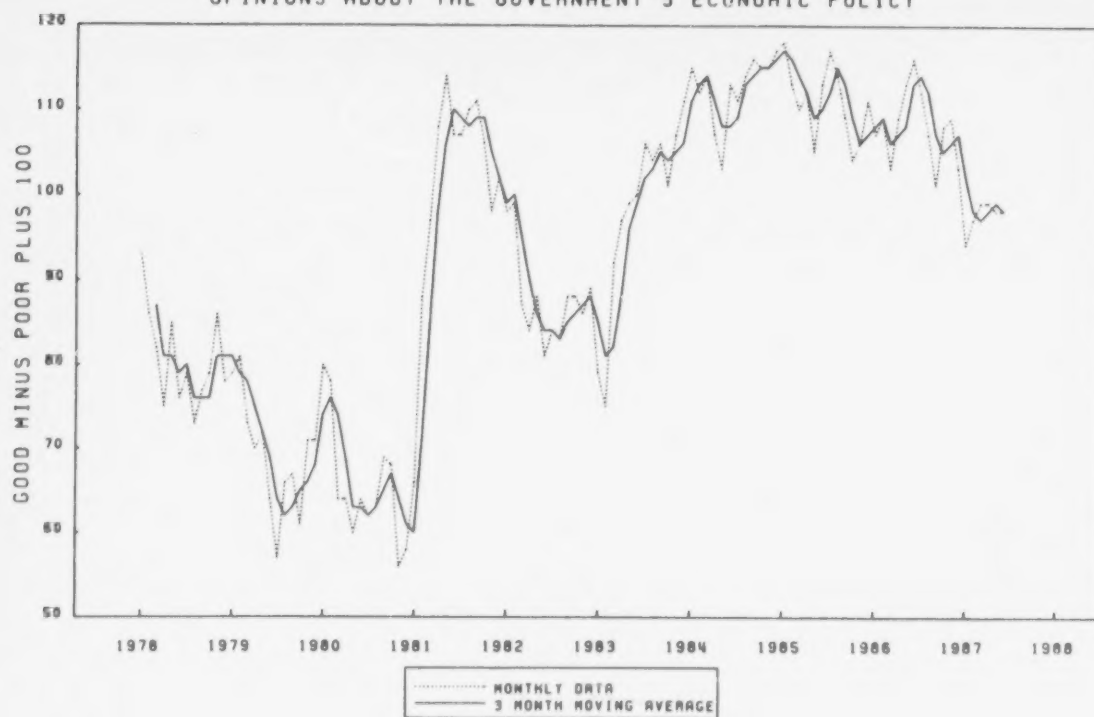


CHART 20 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

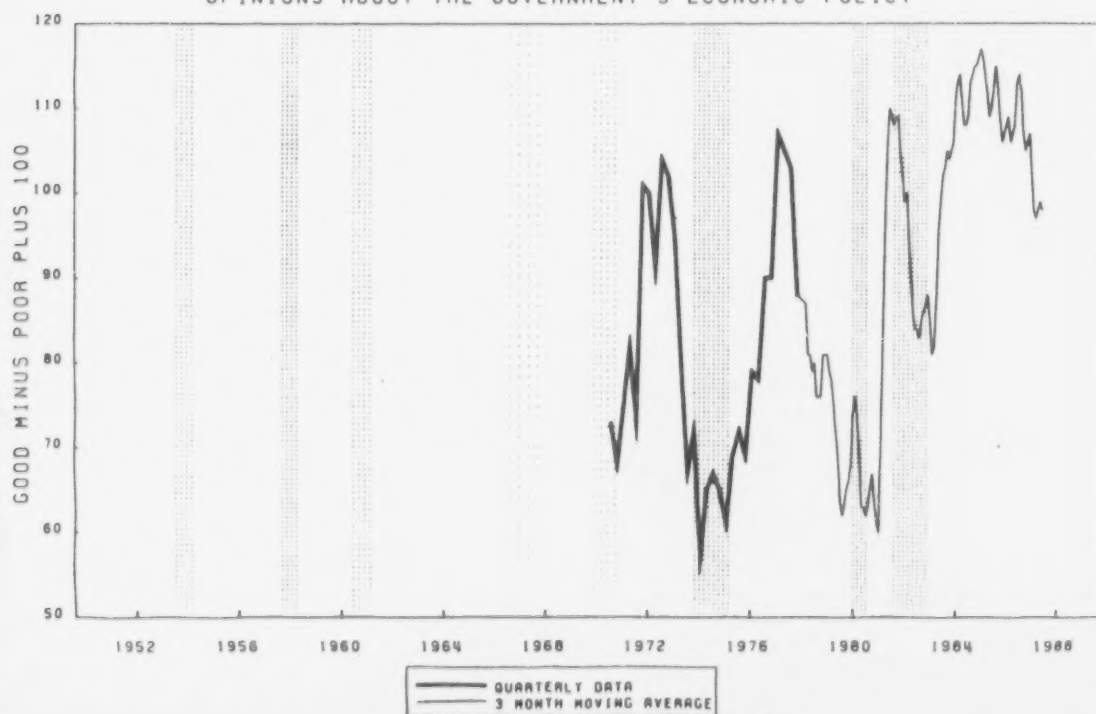


TABLE 20
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987
A GOOD JOB	33%	29%	28%	22%	27%	28%	26%	20%	23%	23%	21%	21%	23%
ONLY FAIR	49	52	50	54	52	51	49	52	49	52	55	55	49
A POOR JOB	17	17	21	21	19	19	23	26	26	24	22	23	25
DK,NA	1	2	1	3	2	2	2	2	2	1	2	1	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	665	653	659	651	656	653	655	657	652	652	651	654

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

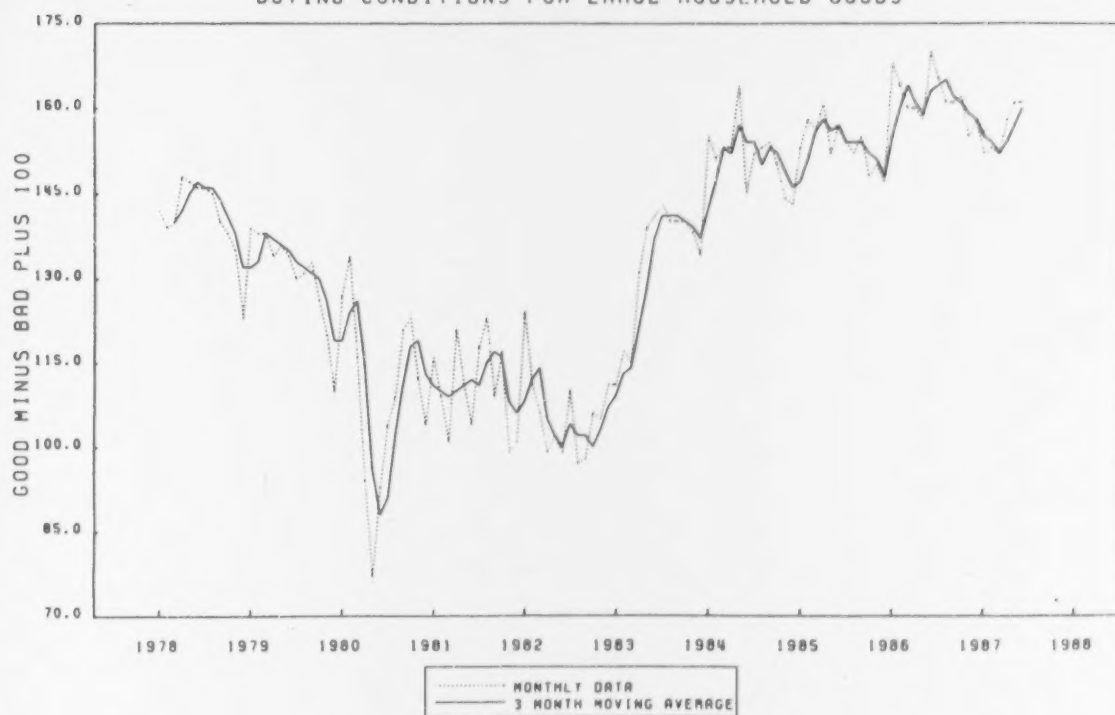


CHART 21 - HISTORICAL SERIES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

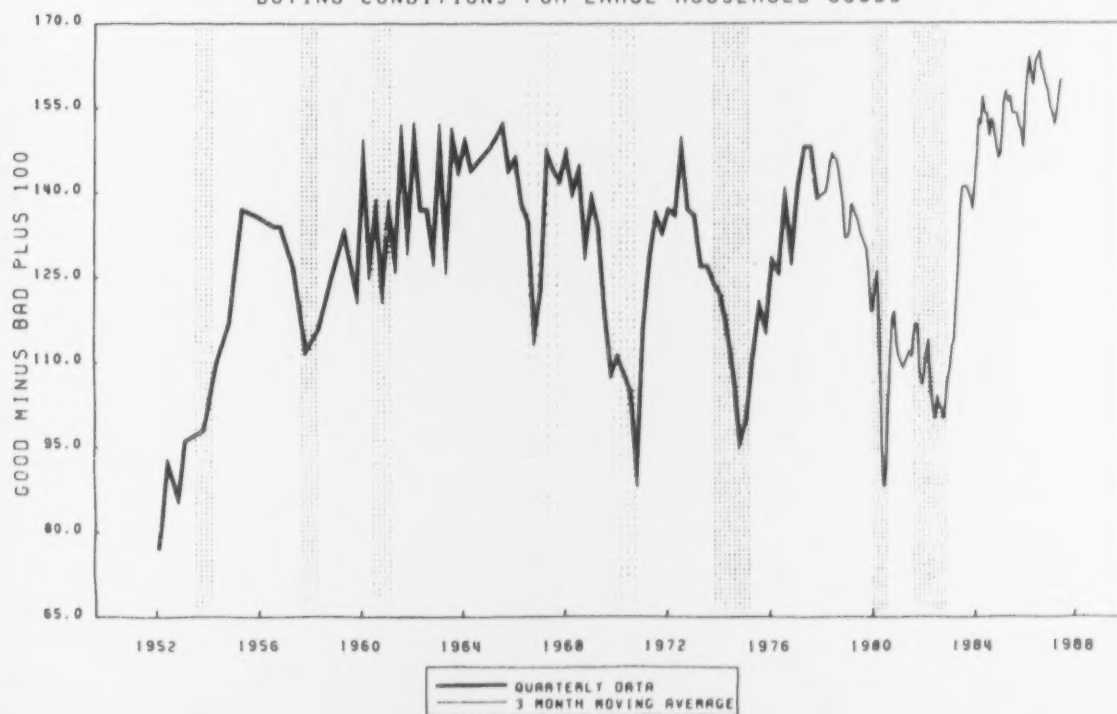


TABLE 21

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987
GOOD TIME TO BUY	81%	79%	77%	76%	76%	72%	75%	72%	73%	71%	74%	76%	76%
UNCERTAIN, DEPENDS	8	7	7	9	10	11	8	8	7	10	10	9	9
BAD TIME TO BUY	11	14	16	15	14	17	17	20	20	19	16	15	15
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	665	653	659	651	656	653	655	657	652	652	651	654

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

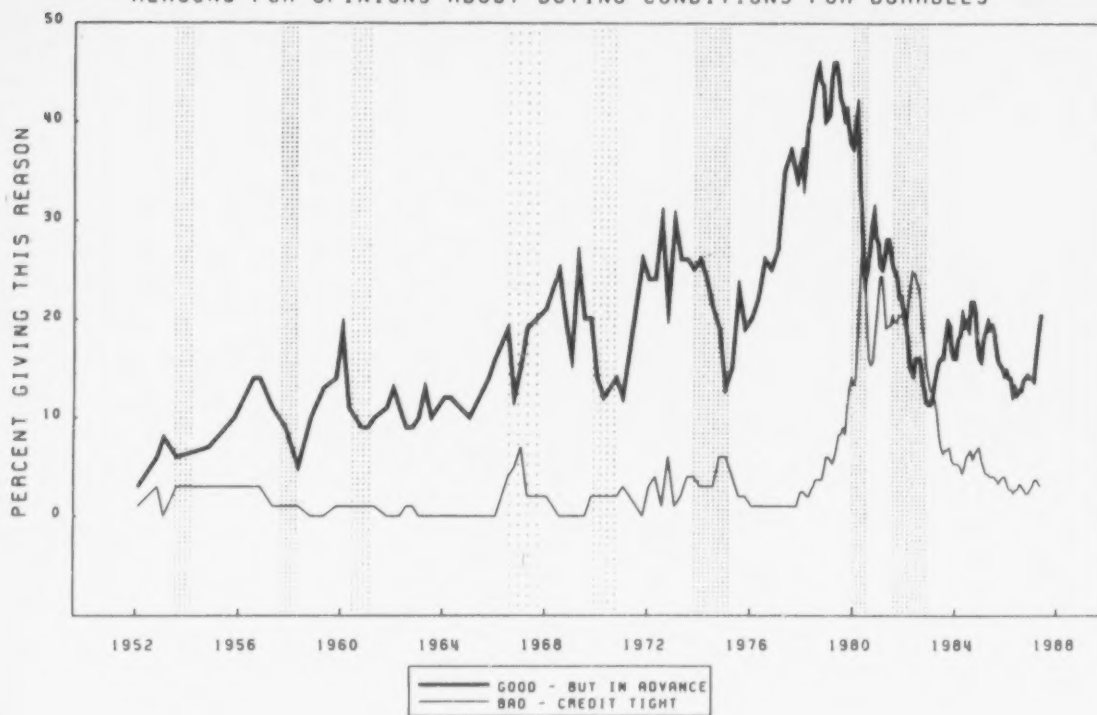


CHART 22B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

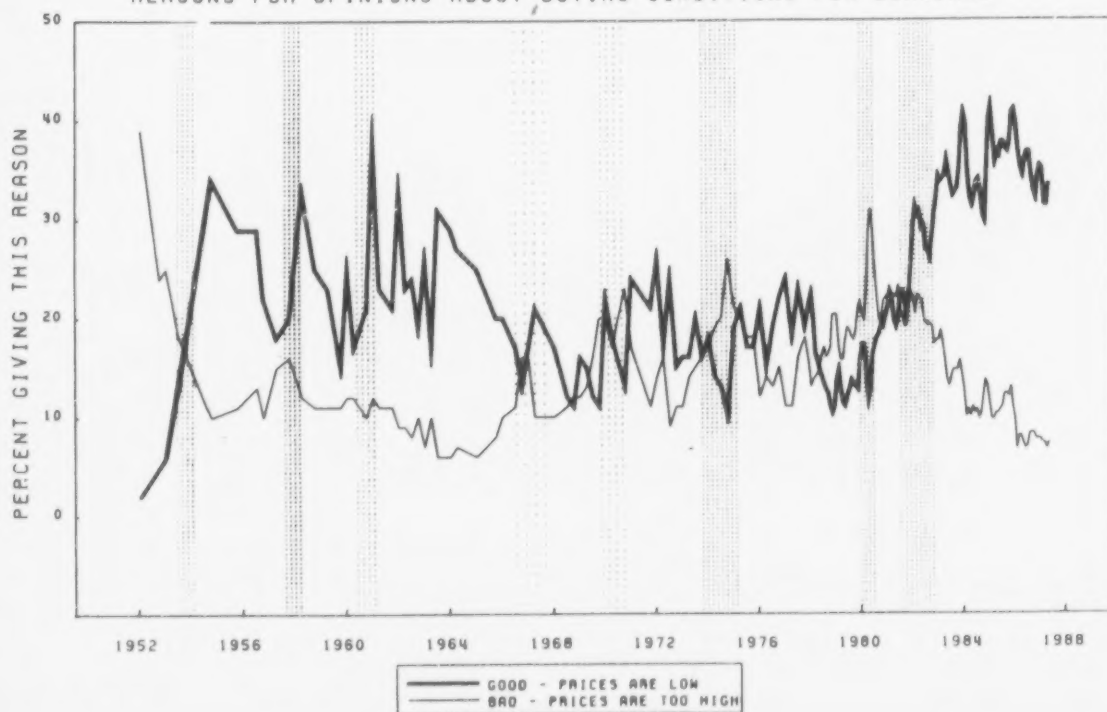


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	35%	40%	35%	35%	33%	30%	33%	40%	33%	32%	29%	33%	38%
Prices won't come down; are going higher	14	11	13	14	14	14	15	13	14	14	20	20	21
Interest rates low; credit is easy	31	26	26	29	26	25	18	20	21	23	21	19	15
BAD TIME TO BUY:													
Prices are high	6	7	8	10	7	8	8	7	8	7	7	6	9
Interest rates are high; credit is tight	3	3	4	2	2	3	2	3	4	4	3	3	3
Lack of purchasing power	5	6	7	8	7	8	6	8	7	8	5	4	6

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

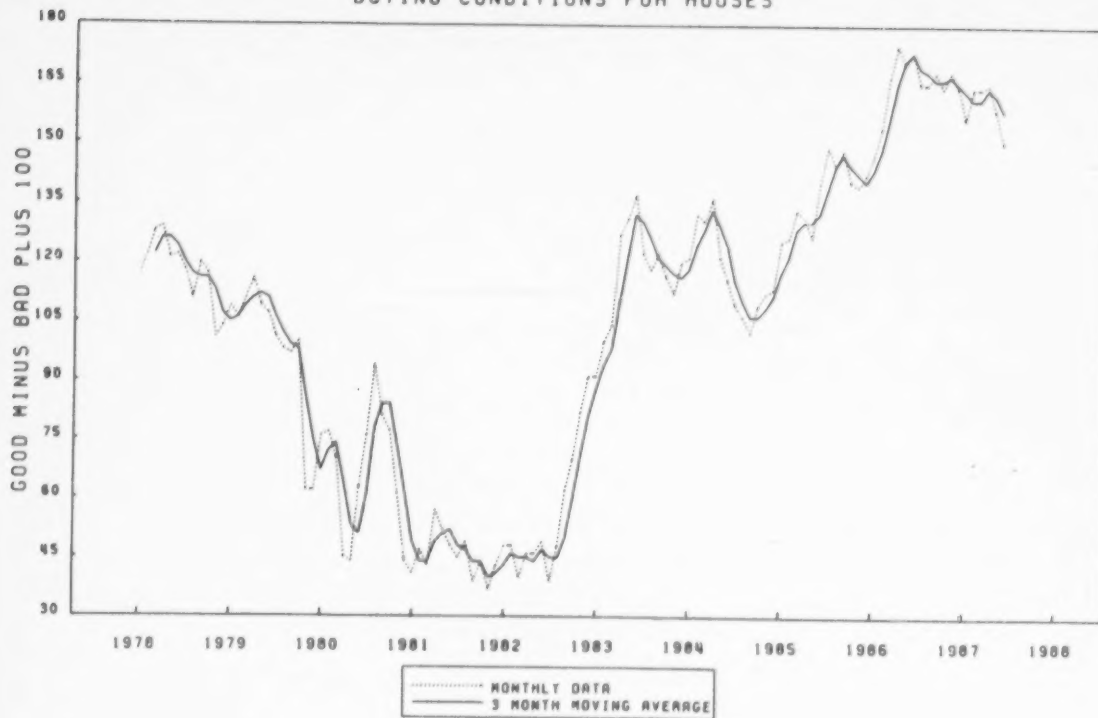
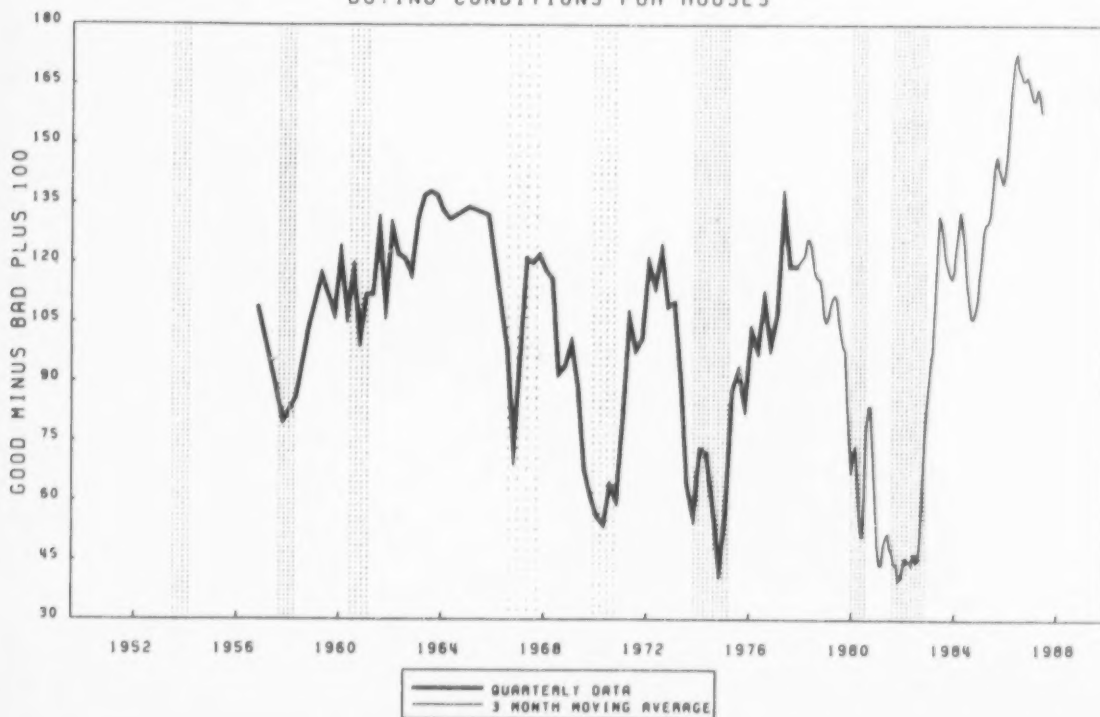


CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES



3

TABLE 23
BUYING CONDITIONS FOR HOUSES

	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987
GOOD TIME TO BUY	86%	82%	81%	83%	81%	83%	80%	76%	81%	80%	82%	77%	73%
UNCERTAIN, DEPENDS	1	1	3	2	2	2	4	4	2	4	1	4	4
BAD TIME TO BUY	13	17	16	15	17	15	16	20	17	16	17	19	23
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	665	653	659	651	656	653	655	657	652	652	651	654

The question was: "Generally speaking, do you think now is a good time or
a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

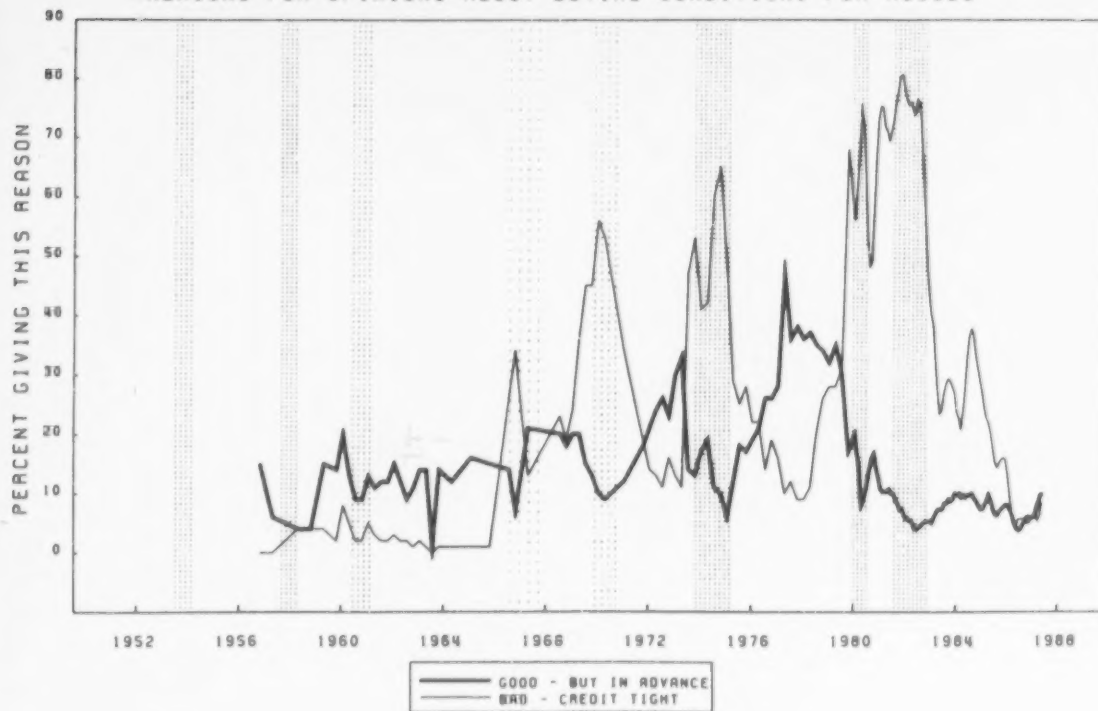


CHART 24B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

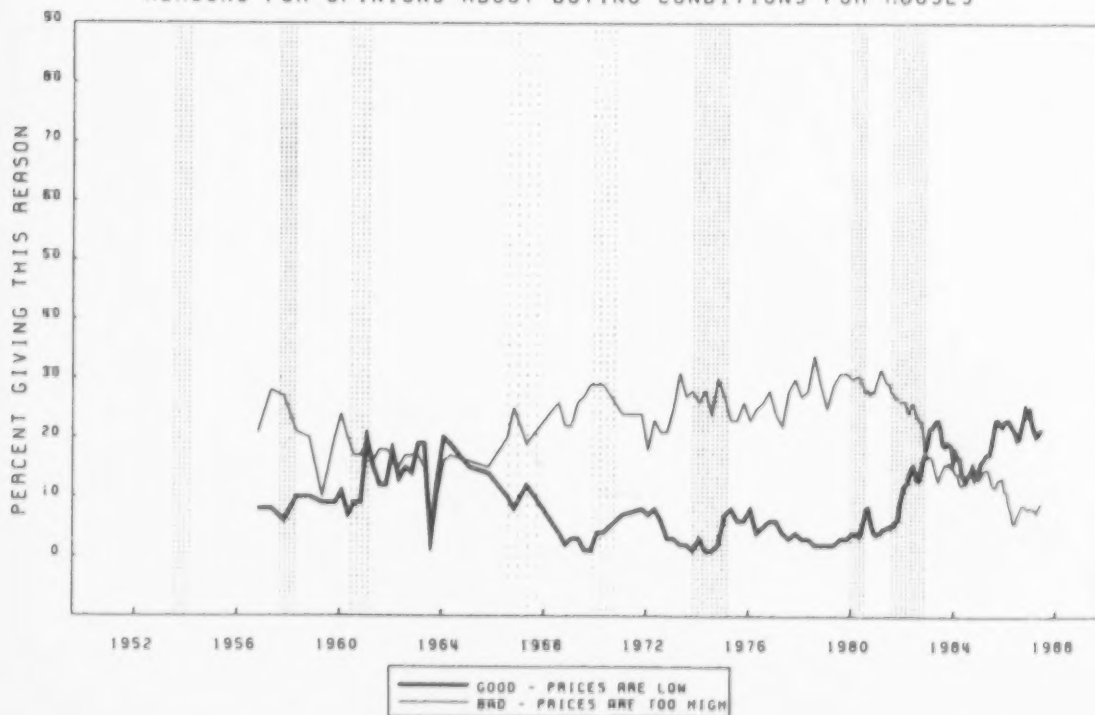


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987
--	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	-------------	--------------

GOOD TIME TO BUY:

Prices are low; good buys available	21%	18%	21%	26%	22%	27%	23%	24%	21%	19%	21%	22%	21%
--	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

Prices won't come down; are going higher	4	4	4	6	6	6	6	5	7	8	9	9	11
---	---	---	---	---	---	---	---	---	---	---	---	---	----

Interest rates low; credit is easy	83	77	78	79	75	75	73	69	74	71	71	66	63
---------------------------------------	----	----	----	----	----	----	----	----	----	----	----	----	----

Good investment	3	5	3	5	6	5	6	6	3	6	7	5	5
-----------------	---	---	---	---	---	---	---	---	---	---	---	---	---

BAD TIME TO BUY:

Prices are high	6	9	8	9	9	7	8	10	6	8	8	9	10
-----------------	---	---	---	---	---	---	---	----	---	---	---	---	----

Interest rates are high; credit is tight	5	7	5	5	5	5	5	7	6	6	4	9	12
---	---	---	---	---	---	---	---	---	---	---	---	---	----

Lack of purchasing power	6	7	8	6	8	8	7	9	8	6	8	6	8
-----------------------------	---	---	---	---	---	---	---	---	---	---	---	---	---

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

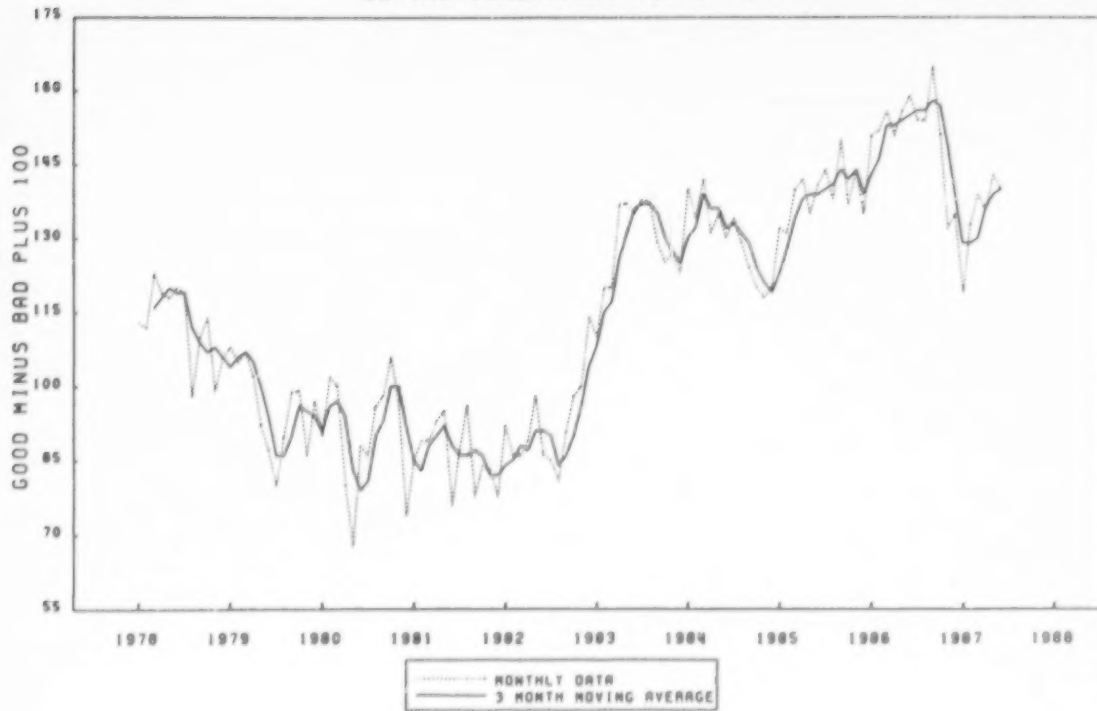


CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS



TABLE 25
BUYING CONDITIONS FOR CARS

	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987
GOOD TIME TO BUY	77%	74%	73%	81%	72%	63%	64%	55%	62%	66%	64%	67%	65%
UNCERTAIN; DEPENDS	5	6	8	3	7	6	7	9	9	7	8	9	10
BAD TIME TO BUY	18	20	19	16	21	31	29	36	29	27	28	24	25
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	658	665	653	659	651	656	653	655	657	652	652	651	654

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

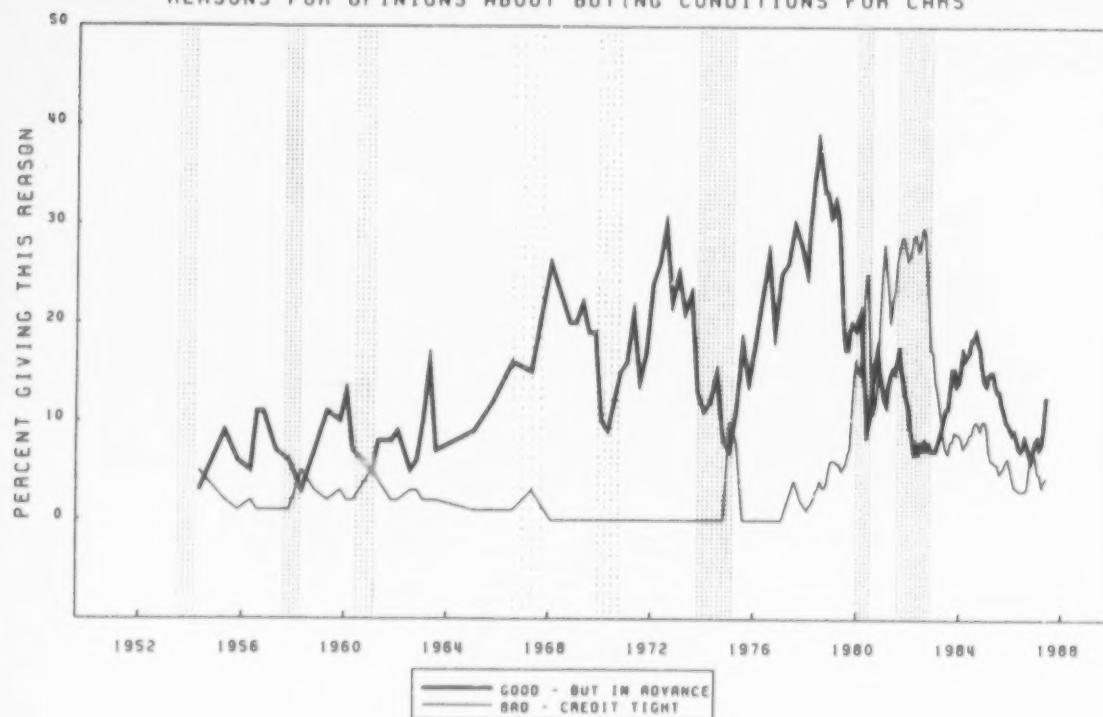


CHART 26B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

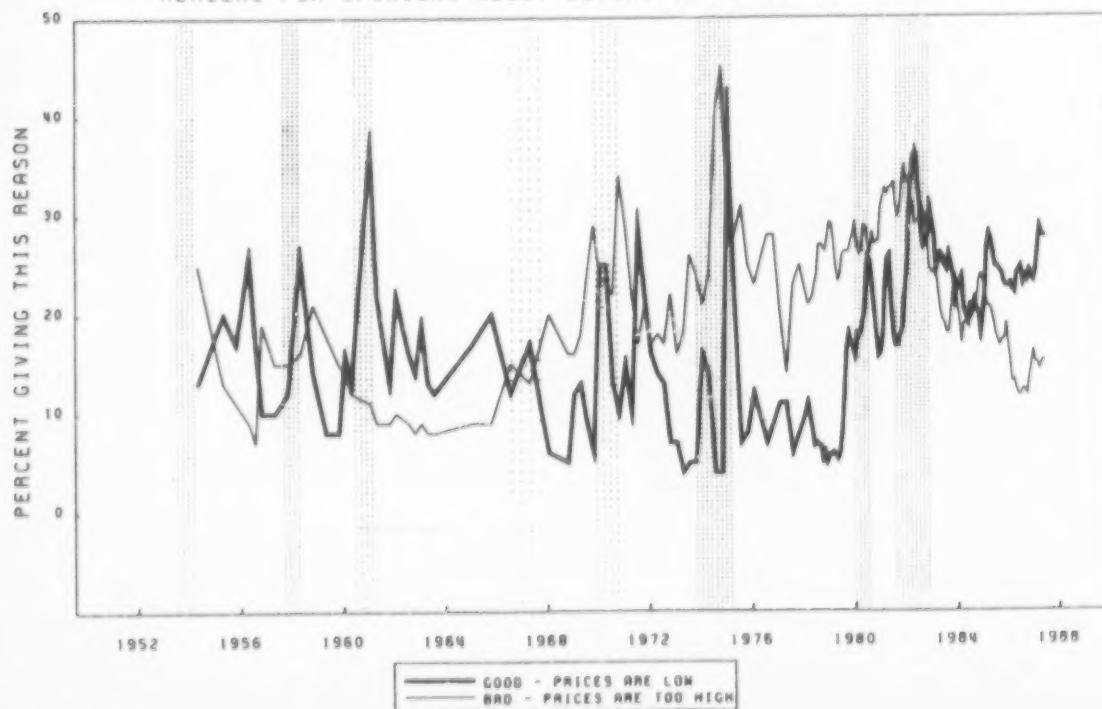


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	23%	23%	23%	25%	22%	26%	23%	21%	29%	29%	28%	27%	28%
Prices won't come down; are going higher	8	8	9	6	5	7	9	8	8	6	9	13	15
Interest rates low; credit is easy	62	53	52	73	58	43	45	34	38	44	40	40	38
New fuel efficient models	*	1	*	*	*	*	*	1	*	*	1	*	1
BAD TIME TO BUY:													
Prices are high	11	14	12	11	12	17	15	17	13	15	15	15	16
Interest rates are high; credit is tight	3	3	3	4	8	9	4	6	4	4	2	6	5
Lack of purchasing power	4	5	5	2	2	4	4	6	6	5	5	5	4
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	2	3	1	1	1	2	2	2	2	2	3	3	2

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

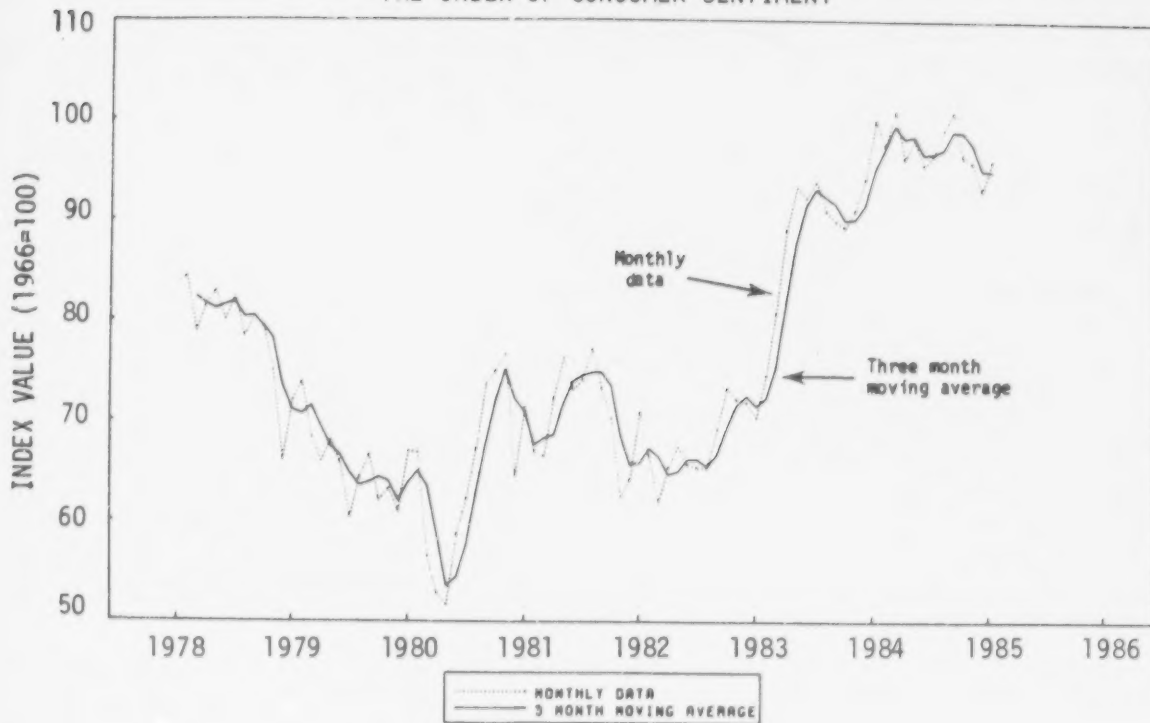
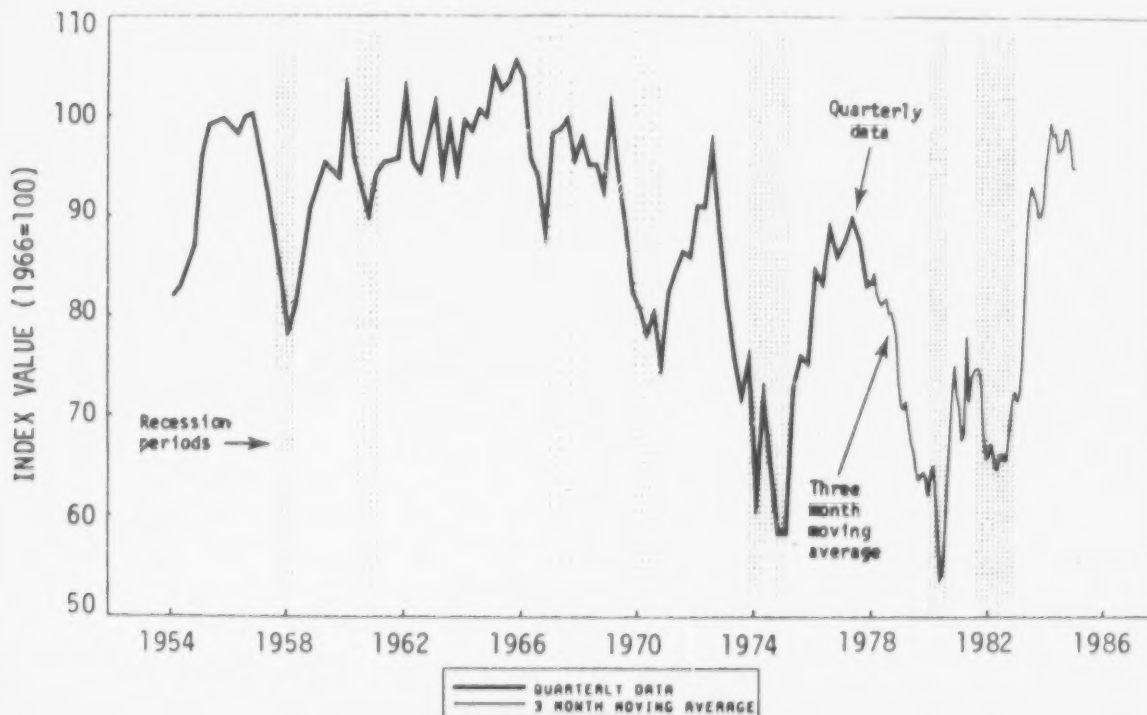


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.

MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.

THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES:	November 1948	-	October 1949
	July 1953	-	May 1954
	August 1957	-	April 1958
	April 1960	-	February 1961
	June 1966	-	November 1967*
	December 1969	-	November 1970
	November 1973	-	March 1975
	January 1980	-	July 1980
	July 1981	-	November 1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS^a OF SURVEY FINDINGS
(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	<u>700^b</u>	<u>1,400^c</u>	<u>2,100^d</u>
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

^aThe figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

^bAverage size of monthly surveys.

^cAverage size of two monthly surveys.

^dAverage size of three monthly surveys (one quarter).



JUNE 1987 MONTHLY REPORT

July 2, 1987

Monitoring Economic Change Program

Surveys of Consumer Attitudes • Economic Outlook USA

INTEREST RATE INCREASES DOMINATE CONCERNS

- In the June 1987 survey, the Index of Consumer Sentiment was 91.5, not significantly different from the 91.1 recorded one month earlier, but substantially below the 99.3 recorded one year earlier. Most of the decline in sentiment during the past year has been concentrated in less favorable prospects for the general economy during the upcoming year. In addition, the June survey recorded the widespread expectation that interest rates would increase during the year ahead, confirming the May upsurge. These concerns with rising interest rates have diminished favorable buying attitudes.
- Among families with incomes of \$30,000 or more, the Index rose to 102.9 in June from 97.7 one month earlier, but remained significantly below the year earlier reading of 110.6.
- Interest rates were expected to increase by 69 percent of all families in the June 1986 survey, just below the 71 percent recorded in May, but substantially above the 37 percent recorded at the start of 1987. Just 5 percent of all families in the June survey expected interest rates to decline during the year ahead.
- The rate of inflation was expected to average 4.5% during the year ahead in the June 1987 survey, up from 3.8% one year earlier. Half of all consumers in the June 1987 survey expected the national unemployment rate to remain at about its current level during the year ahead. Among the other half, increases were expected nearly twice as frequently as declines (30 versus 16 percent).
- Confidence in government economic policies to control inflation and unemployment was significantly lower in June 1987 than one year earlier. At present, nearly equal numbers of consumers rate government economic policies favorably as unfavorably (23 versus 25 percent), whereas one year ago, nearly twice as many consumers rated policies favorably (33 versus 17 percent).
- Rising concerns with interest rates have dampened favorable buying attitudes. In the June 1987 survey, favorable attitudes toward buying conditions for homes fell to 73 percent, from 77 percent one month earlier and 86 percent one year earlier. The proportion of families holding favorable vehicle buying attitudes fell to 65 percent in June 1987, from 67 percent one month earlier and 77 percent one year earlier. Although these interest rate concerns have caused favorable buying attitudes to recede from the 1986 peak levels, they nonetheless remained at relatively high levels due to favorable perceptions of market prices.

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The June 1987 survey indicates that although consumer optimism has all but disappeared, consumer pessimism has not risen in its place. Most consumers expect little sustained change in either direction in their own personal financial situation, or for the economy as a whole. Although this outlook does not provide support for spending increases, neither does it provide the premise for sharp spending cutbacks. It does focus buying decisions on the affordability of purchases, and thus the availability of discounts. And consumers' willingness to time their purchases to the availability of discounts has only increased as the expansion has lengthened, and their stocks of goods as well as of debt have increased.

Rising Concerns with Prospects for Domestic Economy

When respondents were asked about news they had heard about recent developments in the economy, nearly twice as many unfavorable as favorable developments were reported in the June 1987 survey (57 versus 29 percent), compared with a slightly favorable balance one year earlier (42 versus 39 percent). Overall, the proportion of families that thought that the economy had improved during the past year fell to 46 percent in June 1987, from 60 percent one year earlier. When asked about prospects for the year ahead, the majority of families (57 percent) expected economic conditions in the nation as a whole to remain largely unchanged; among the other half, about as many families expected economic conditions to improve as to worsen (23 versus 19 percent).

Despite the expectation of slow and halting economic growth, half of all consumers in the June 1987 survey judged this to mean the continuation of good times financially during the year ahead. To be sure, this favorable assessment has been reduced since last June, when 62 percent held this view. Nonetheless, this one year outlook is favorable when contrasted with the nearly half of all consumers that expected the economy to slide into recession sometime during the following few years. Among all families in the June 1987 survey, 48 percent expected widespread unemployment and recession during the next five years, compared with 37 percent that expected the continuation of the economic expansion. Although darkening economic clouds are on the horizon, consumers currently view them as sufficiently distant, and thus not as much a cause for immediate alarm as caution.

Waiting for Renewed Deep Discounting

Concerns with rising interest rates on major consumer purchases have dampened favorable assessments of buying conditions. Thus far, these concerns have resulted in

fewer positive references to the current level of interest rates, but have only caused minor increases in complaints about high interest rates. As a consequence, overall buying attitudes have remained at relatively high levels, even if lower than year earlier levels. Importantly, these favorable buying attitudes have also been supported by favorable perceptions of market prices.

Rising mortgage interest rates have dampened favorable attitudes toward home buying conditions. In the June 1987 survey, 73 percent of all families held favorable views of buying conditions for homes, down from 77 percent one month earlier and the peak of 86 percent recorded one year earlier. When asked to explain their views, the proportion that mentioned the availability of reduced mortgage interest rates fell to 45 percent in June, from 50 percent one month earlier and 78 percent one year earlier (see Table A). This sharp decline in favorable references to mortgage rates was partially offset by a rise in the proportion of families that favorably referred to buying in advance of expected increases in mortgage interest rates, cited by 18 percent of all families in the June 1987 survey, up from 5 percent recorded both three months and one year earlier.

Favorable attitudes toward buying conditions for vehicles were held by 65 percent of all families in the June 1987 survey, largely unchanged over the past few months, but significantly below the 1986 peak of 81 percent. The decline from last year's peak is reflected in the decline of favorable references to the availability of discounted interest rates on new vehicle purchases, falling to 35 percent in June 1987, half the 70 percent recorded in September 1986.

Favorable attitudes toward buying conditions for large household durables were held by 76 percent of all families in the June 1987 survey, unchanged from one month earlier, and not much below the peak of 81 percent recorded one year ago. The main reason given by consumers for these favorable views is the availability of price discounts, mentioned by 38 percent in the June 1987 survey, just above the 35 percent recorded one year earlier.

The expected increase in the rate of inflation during the year ahead was reflected in small increases in the proportion of respondents that mentioned the advantage of buying in advance of rising prices. Favorable buying attitudes were more frequently supported by references to advance buying in the June 1987 survey than one year earlier—for large household durables (21, up from 14 percent), vehicles (15, up from 8 percent), and homes (11, up from 4 percent). The increase in advance buying rationales is thus far marginal, owing in part to special market circumstances, and does not signal the reemergence of the buy in advance psychology that dominated assessments in the late 1970s.

Personal Finances

American families continued to rate their own financial progress favorably, showing only a minor decline during the past year. Among all families in the June 1987 survey, 44 percent reported that their financial situation had improved during the past year, down from 47 percent a year earlier, while 24 percent reported a worsened financial situation, just above the 23 percent recorded in 1986.

Consumers assessed their own financial prospects for the year ahead in favorable terms at mid year 1987—comparable with the mid 1970s peak—even though smaller income gains were expected. Few consumers expected their financial situation to worsen in either the June 1987 or June 1986 surveys (unchanged at 11 percent). And three times as many families expected their financial situation to improve as to worsen at mid year 1987 (33 percent). The majority, however, expected their financial situation to remain largely unchanged in the June 1987 survey (53 percent, up from 49 percent a year earlier). Although as many families expected income increases at mid year 1987 as at mid year 1986 (62 percent), the size of the expected increase is now lower. Furthermore, given the higher rates of inflation expected, this has resulted in the least favorable real income expectations since the recovery began.

Consumers' willingness to use accumulated savings or to incur new debt to make major purchases has waned in recent months. Willingness to use personal savings to purchase major items was reported by 36 percent of all families in the second quarter of 1987, down from 40 percent one and two years earlier (see Tables B and C). Among all families, 25 percent were willing to use debt to make major purchases in the second quarter of 1987, down from 34 percent one year earlier.

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The June 1987 survey was conducted between June 1 and June 29, 1987, and included 654 completed interviews.

TABLE A

REFERENCES TO INTEREST RATES IN SUPPORT
OF FAVORABLE BUYING CONDITIONS

Survey Date		Durables		Houses ^a		Vehicles	
		Low Rates	BIA ^b Rates	Low Rates	BIA Rates	Low Rates	BIA Rates
January	1982	2%	1%	5%	3%	4%	2%
February	1982	1	1	4	3	3	"
March	1982	"	1	3	2	3	"
April	1982	1	"	4	2	7	"
May	1982	2	1	3	3	10	1
June	1982	1	1	5	2	6	1
July	1982	1	1	2	2	4	1
August	1982	1	1	3	4	5	1
September	1982	3	1	16	4	9	1
October	1982	4	1	19	4	10	1
November	1982	5	"	25	5	19	1
December	1982	6	2	30	5	26	1
January	1983	7	"	33	4	27	2
February	1983	7	1	35	5	34	1
March	1983	7	1	38	6	33	1
April	1983	12	2	46	8	33	2
May	1983	12	1	49	6	38	2
June	1983	13	3	49	12	38	2
July	1983	14	2	40	9	34	3
August	1983	11	1	33	11	30	3
September	1983	9	3	35	12	25	3
October	1983	6	1	29	9	17	2
November	1983	6	2	29	11	20	2
December	1983	6	1	30	11	16	3
January	1984	8	1	33	8	20	3
February	1984	9	2	38	12	19	3
March	1984	8	2	36	13	19	3
April	1984	8	6	29	23	15	7
May	1984	7	4	24	20	14	4
June	1984	7	4	21	17	12	6
July	1984	5	5	21	16	16	8
August	1984	6	2	22	13	12	5
September	1984	6	2	22	12	11	4
October	1984	7	4	24	11	10	4
November	1984	8	3	33	11	15	3
December	1984	8	2	32	6	12	3
January	1985	10	1	42	7	21	2
February	1985	9	2	42	8	23	1
March	1985	8	2	38	10	21	2

**REFERENCES TO INTEREST RATES IN SUPPORT OF
FAVORABLE BUYING CONDITIONS(Cont'd)**

Survey Date	Durables		Houses ^a		Vehicles	
	Low Rates	BIA ^b Rates	Low Rates	BIA Rates	Low Rates	BIA Rates
April 1985	10%	3%	34%	13%	22%	3%
May 1985	9	2	35	8	25	3
June 1985	11	2	50	6	32	3
July 1985	13	1	51	6	33	2
August 1985	15	"	54	4	35	1
September 1985	14	1	51	5	45	1
October 1985	14	1	48	7	40	1
November 1985	10	2	45	7	38	2
December 1985	11	1	47	6	35	2
January 1986	17	1	55	5	50	1
February 1986	18	2	60	4	51	2
March 1986	21	1	75	4	52	2
April 1986	27	2	78	5	52	2
May 1986	30	1	76	4	57	1
June 1986	30	1	78	5	59	3
July 1986	25	1	70	7	52	1
August 1986	25	1	73	5	51	1
September 1986	29	*	74	5	70	3
October 1986	24	2	69	6	55	3
November 1986	22	3	69	6	42	2
December 1986	17	1	68	5	43	2
January 1987	19	1	65	4	32	2
February 1987	20	1	68	6	36	2
March 1987	21	2	66	5	43	1
April 1987	18	3	60	11	37	4
May 1987	16	3	50	16	37	3
June 1987	12	3	45	18	35	3

Less than 0.5 percent.

^a Also includes homes, home repairs and real estate.

^b The proportions given above provide greater detail than is reported in the monthly tables (see Tables 22, 24 and 26). The figures above divide the total proportion of respondents that made favorable references to credit conditions into those respondents that referred to the current availability of low interest rates, and those that referred to borrowing-in-advance (BIA) of rising interest rates.

TABLE B
OPINIONS ABOUT WHETHER NOW IS A GOOD TIME
TO USE CREDIT FOR MAJOR PURCHASES

Survey Date	Use of Credit...				Total	# cases	Relative score
	OK; not reluctant	Pro-con	Not OK; reluctant	Don't know; NA			
Apr-Jun 1984	29%	*	69%	2%	100%	1075	60
Apr-Jun 1985	30	*	69	1	100	1988	61
Apr-Jun 1986	34	1	63	2	100	1313	71
Apr-Jun 1987	25	*	74	1	100	1303	51

* Less than 0.5 percent.

The question was: "If there were something that you wanted to buy, do you think that now is a time when it would be O.K. for you to buy it on credit, or is now a time when you would be especially reluctant to take on new debt?"

TABLE C
OPINIONS ABOUT WHETHER NOW IS A GOOD TIME
TO USE SAVINGS FOR MAJOR PURCHASES

(Percentage distribution of families with savings)

Survey Date	Use of Savings...				Total	# cases	Relative score
	OK; not reluctant	Pro-con	Not OK; reluctant	Don't know; NA			
Apr-Jun 1984	42%	*	56%	2%	100%	1921	86
Apr-Jun 1985	40	*	59	1	100	1852	81
Apr-Jun 1986	40	*	58	2	100	1214	82
Apr-Jun 1987	36	*	63	1	100	1205	73

* Less than 0.5 percent.

The question was: "If there were a major purchase that you wanted to make, do you think now is a time when it would be O.K. to use some of your savings or is now a time when you would be especially reluctant to use some of your savings?"

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SURVEYS OF CONSUMER ATTITUDES



Institute for Social Research

TABLES AND CHARTS

JULY 1987

The July 1987 survey is the 228th in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

While every effort is made to accurately measure consumer attitudes and expectations, factors other than sampling may also affect the accuracy of these (and other) findings. These factors may include effects of the question wording, the ability of respondents to articulate answers and opinions, refusal to participate in the survey, and incomplete coverage of the population. There are no standard measures of these effects, but their presence should be acknowledged when using these and all other survey data. While measurement effects are present in all surveys, a noted advantage of time-series data is that the non-sampling influences remain relatively constant over samples.

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CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT



CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

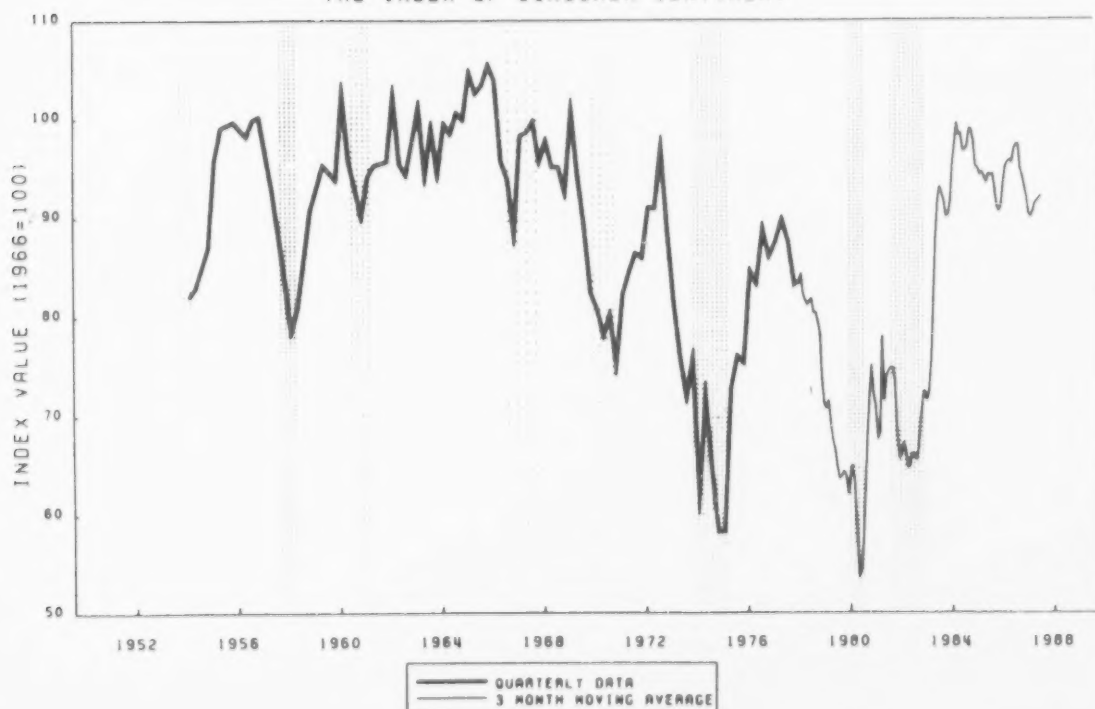


TABLE 1
THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	All families	Families with incomes over \$30,000	Families with incomes over \$40,000
July 1984	96.6	102.7	109.2
August 1984	99.1	113.3	116.4
September 1984	100.9	110.8	112.9
October 1984	96.3	113.5	114.8
November 1984	95.7	112.9	113.6
December 1984	92.9	101.5	101.7
January 1985	96.0	110.2	112.1
February 1985	93.7	113.8	113.8
March 1985	93.7	110.8	114.4
April 1985	94.6	108.9	114.9
May 1985	91.8	105.3	107.7
June 1985	96.5	107.4	110.3
July 1985	94.0	105.2	109.5
August 1985	92.4	106.7	110.2
September 1985	92.1	101.7	104.9
October 1985	88.4	99.6	107.4
November 1985	90.9	100.8	100.3
December 1985	93.9	106.0	108.3
January 1986	95.6	109.7	110.1
February 1986	95.9	107.8	109.0
March 1986	95.1	102.9	110.2
April 1986	96.2	106.9	111.0
May 1986	94.8	105.5	109.9
June 1986	99.3	110.6	112.4
July 1986	97.7	109.6	108.5
August 1986	94.9	105.0	106.6
September 1986	91.9	99.5	102.1
October 1986	95.6	102.8	105.5
November 1986	91.4	97.5	98.7
December 1986	89.1	98.7	98.3
January 1987	90.4	101.2	104.0
February 1987	90.2	103.6	103.6
March 1987	90.8	97.8	96.1
April 1987	92.8	98.5	103.1
May 1987	91.1	97.7	99.2
June 1987	91.5	102.9	102.9
July 1987	93.7	102.5	104.0

CHART 2A - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

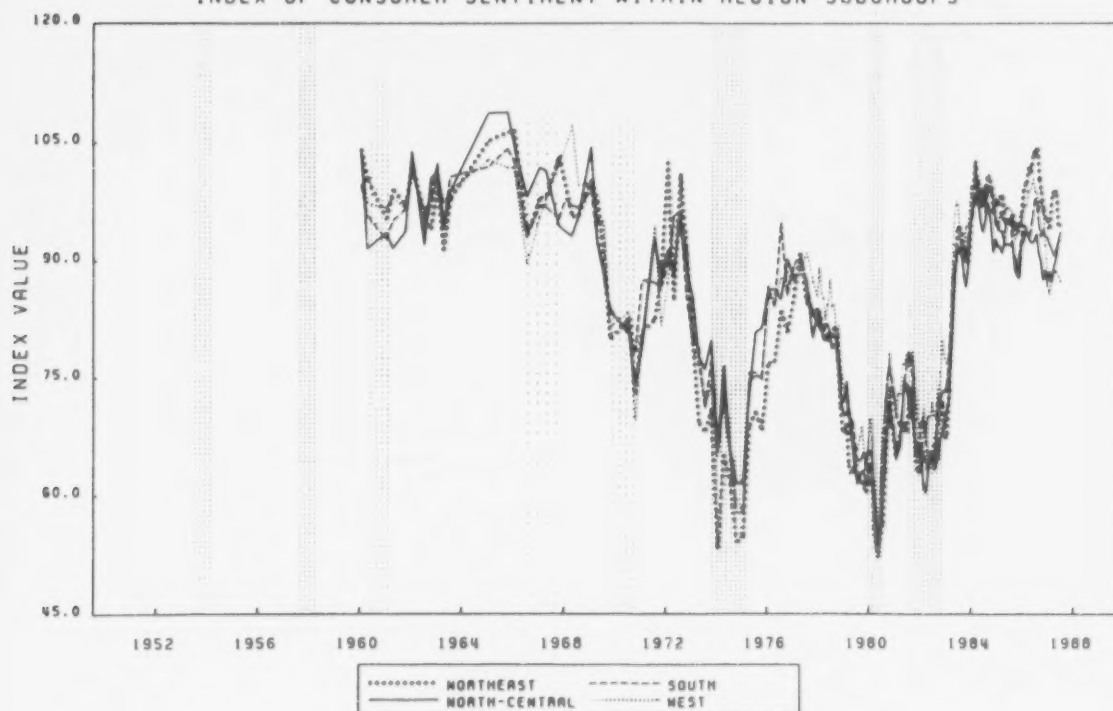


CHART 2B - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

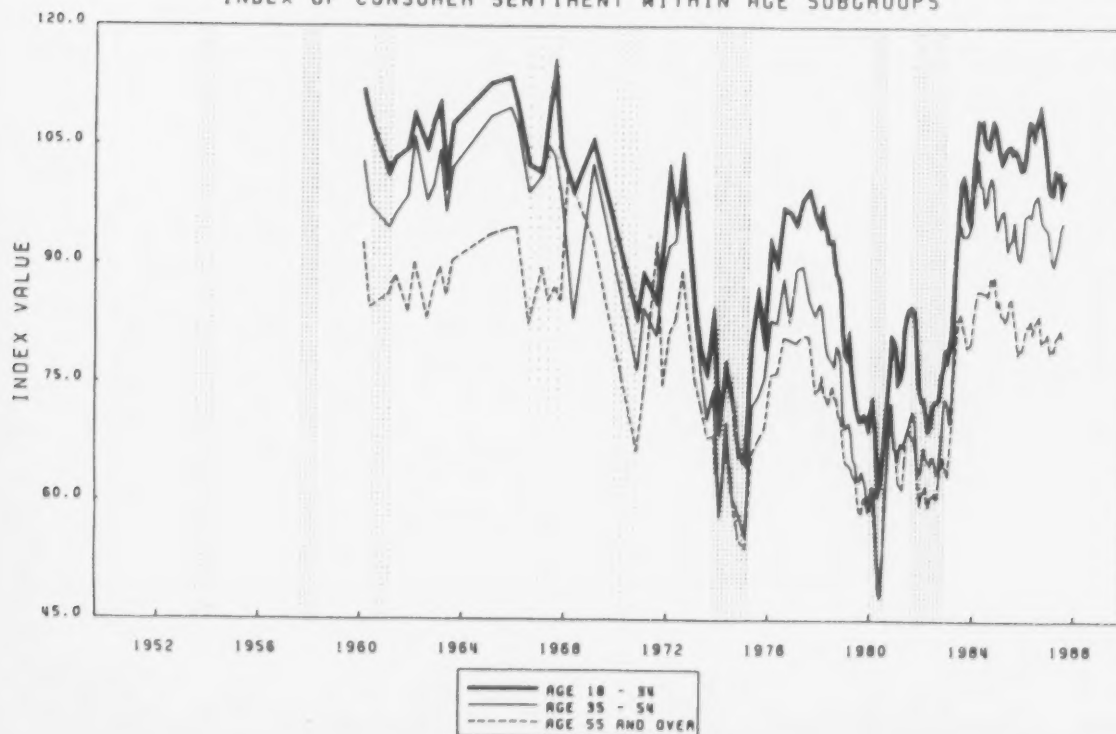


TABLE 2
INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY		CENSUS REGION				AGE OF RESPONDENT		
		North East	North Central	South	West	18-34	35-54	55+
July	1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August	1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September	1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October	1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November	1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December	1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January	1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February	1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March	1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April	1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May	1985	88.8	94.0	91.9	91.3	103.2	87.9	84.6
June	1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July	1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August	1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September	1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October	1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November	1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December	1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January	1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8
February	1986	103.4	92.7	93.2	98.0	109.7	94.1	83.8
March	1986	99.1	94.9	91.3	98.9	109.1	96.0	82.0
April	1986	102.7	92.3	94.4	99.5	104.8	97.8	83.6
May	1986	101.2	90.1	93.5	98.8	104.9	99.9	78.3
June	1986	106.2	94.1	98.5	102.7	112.7	97.9	86.6
July	1986	103.9	93.4	101.7	94.7	108.2	98.6	84.5
August	1986	102.5	92.6	90.5	98.2	107.9	95.2	80.1
September	1986	94.6	87.0	91.9	95.8	106.3	92.4	76.1
October	1986	99.1	90.0	96.5	99.3	102.5	97.3	85.7
November	1986	95.8	85.6	93.2	92.3	99.5	94.2	80.4
December	1986	91.8	90.4	89.5	84.0	98.0	91.3	78.3
January	1987	98.1	85.9	96.0	83.9	99.9	91.2	78.4
February	1987	92.4	89.5	90.7	89.2	99.1	89.2	81.5
March	1987	104.6	86.3	87.5	91.2	106.4	89.3	77.7
April	1987	99.4	91.7	93.7	87.2	99.0	95.1	83.5
May	1987	91.3	92.9	92.1	87.1	99.5	92.8	82.1
June	1987	92.5	92.2	91.5	89.7	99.0	95.5	80.0
July	1987	100.1	95.7	93.8	85.2	103.0	97.8	80.2

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS



CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

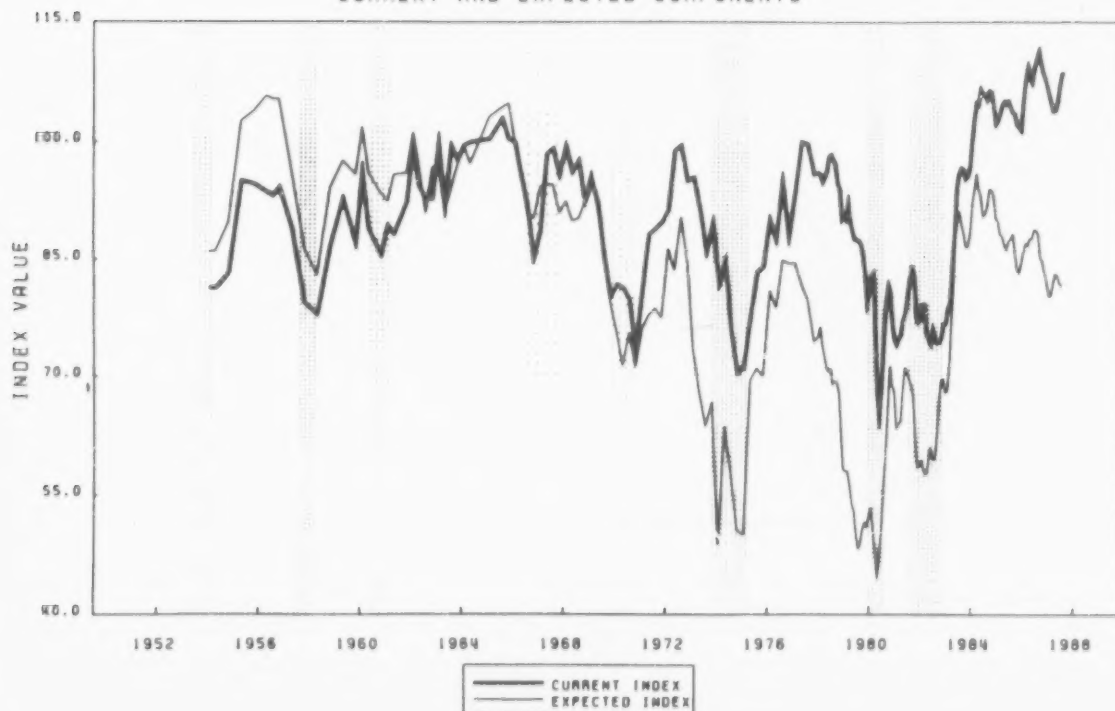


TABLE 3
COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

		INDEX COMPONENTS +						
		Personal finances		Business conditions		Buying	Current	Expected
		Current	Expected	12 months	5 years	conds.	Index	Index
DATE OF SURVEY		(1)	(2)	(3)	(4)	(5)	(1,5)	(2,3,4)
July 1984		117	124	133	113	152	103.9	91.9
August 1984		125	129	137	111	153	107.5	93.7
September 1984		125	131	142	116	154	107.8	96.4
October 1984		118	127	134	107	150	103.6	91.6
November 1984		121	129	132	107	144	102.4	91.5
December 1984		118	125	131	98	143	100.6	87.9
January 1985		119	124	135	104	153	104.9	90.3
February 1985		115	120	131	96	158	105.1	86.5
March 1985		112	123	133	96	156	103.7	87.3
April 1985		116	127	128	95	161	106.6	87.0
May 1985		116	120	121	97	152	103.7	84.2
June 1985		115	127	133	106	157	104.9	91.1
July 1985		116	124	129	98	154	104.3	87.4
August 1985		112	123	125	99	152	101.8	86.3
September 1985		116	124	118	96	155	104.3	84.2
October 1985		111	123	111	90	148	100.3	80.8
November 1985		111	124	120	96	150	100.7	84.5
December 1985		120	124	127	103	147	103.1	88.1
January 1986		122	123	126	93	168	111.8	85.3
February 1986		117	123	132	98	164	108.4	87.8
March 1986		120	124	129	96	160	107.9	86.9
April 1986		120	128	133	94	160	108.1	88.5
May 1986		117	129	131	92	158	106.2	87.5
June 1986		124	127	136	100	170	113.3	90.3
July 1986		126	130	131	94	165	112.1	88.5
August 1986		121	128	123	94	161	108.9	85.9
September 1986		120	127	115	84	161	108.3	81.3
October 1986		120	127	124	99	162	108.9	87.1
November 1986		121	121	120	87	155	106.7	81.6
December 1986		116	127	104	83	158	105.8	78.3
January 1987		120	130	117	77	152	105.1	80.9
February 1987		115	126	117	84	153	103.7	81.6
March 1987		114	122	121	92	152	102.5	83.3
April 1987		116	127	116	97	158	105.5	84.7
May 1987		117	121	114	89	161	107.4	80.6
June 1987		120	122	113	89	161	108.1	80.8
July 1987		123	123	118	94	162	109.9	83.3

(1) See Table 4.

(2) See Table 6.

(3) See Table 15.

(4) See Table 16.

(5) See Table 21.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO



CHART 4 - HISTORICAL SERIES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

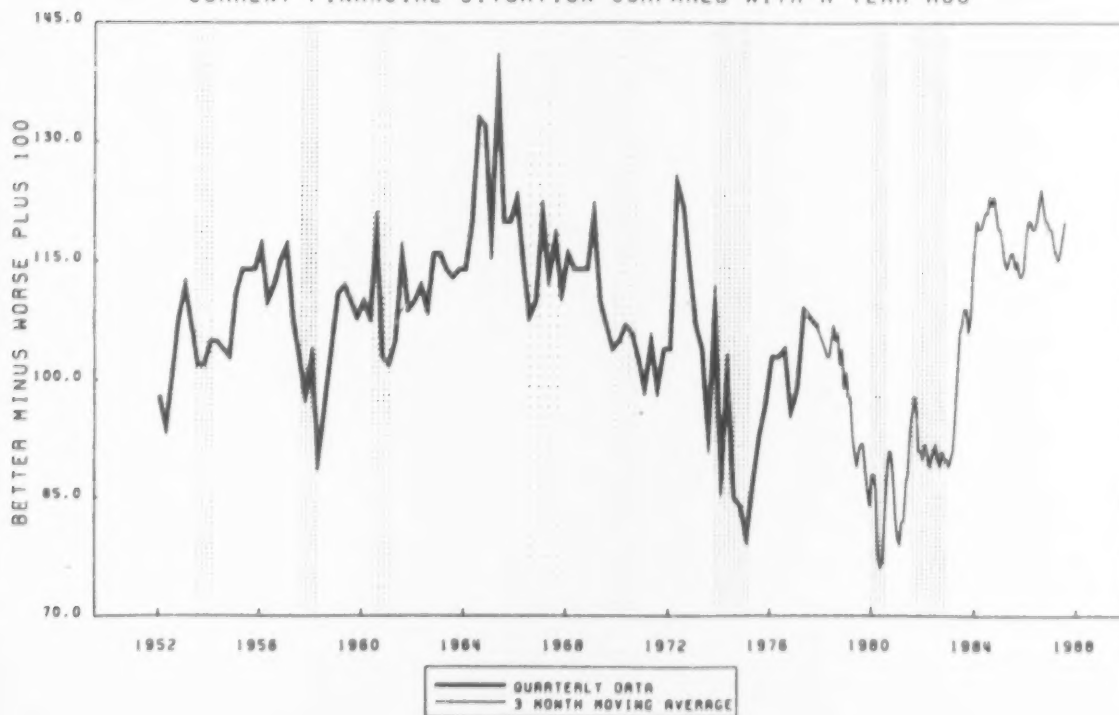


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987
BETTER OFF	49%	46%	45%	44%	43%	43%	45%	44%	41%	42%	43%	44%	45%
SAME	28	28	30	32	35	30	29	27	32	32	31	32	32
WORSE OFF	23	25	25	24	22	27	25	29	27	26	26	24	22
DK,NA	*	1	*	*	*	*	1	*	*	*	*	*	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	665	653	659	651	656	653	655	657	652	652	651	654	651

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

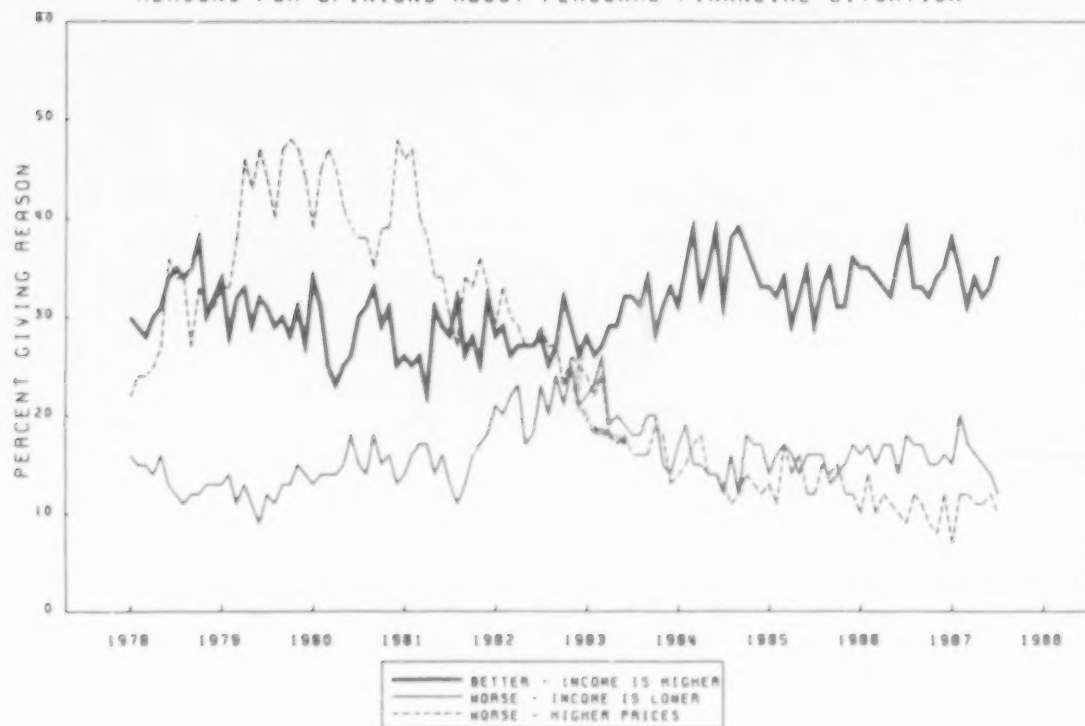


CHART 5 - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

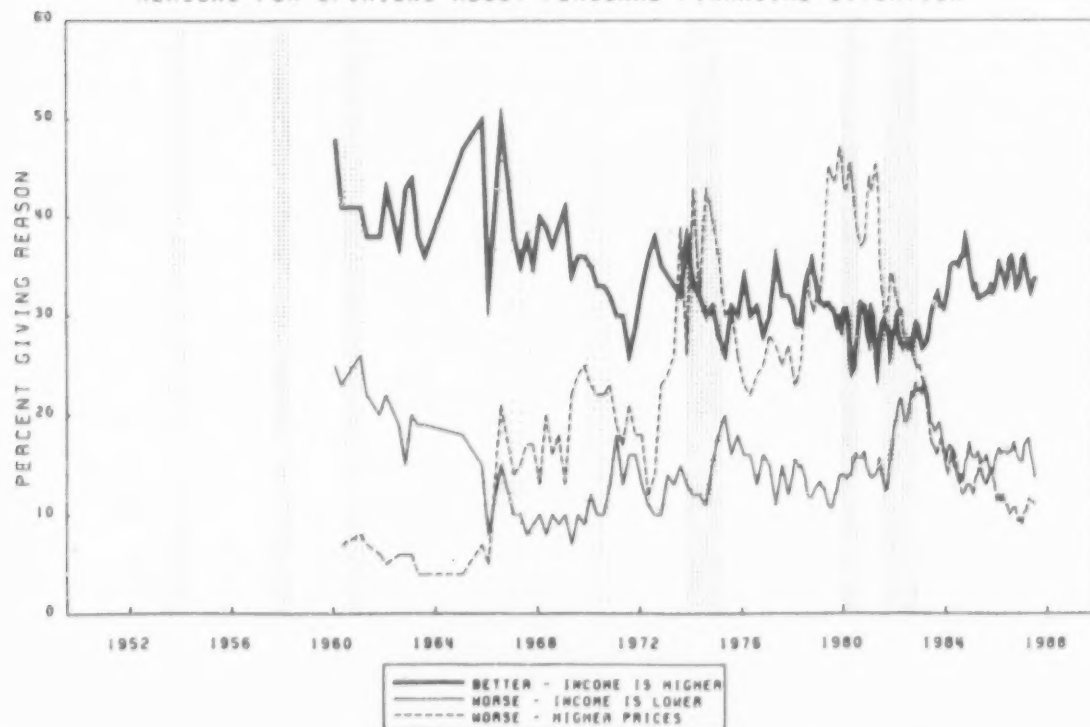


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987
BETTER OFF THAN YEAR AGO:													
Income is higher	39%	33%	33%	32%	34%	35%	38%	35%	31%	34%	32%	33%	36%
WORSE OFF THAN YEAR AGO:													
Income is lower	18	17	17	15	15	16	15	20	17	16	15	14	12
Higher prices	9	12	11	9	8	12	7	12	12	11	11	12	10

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES
EXPECTED CHANGE IN FINANCIAL SITUATION

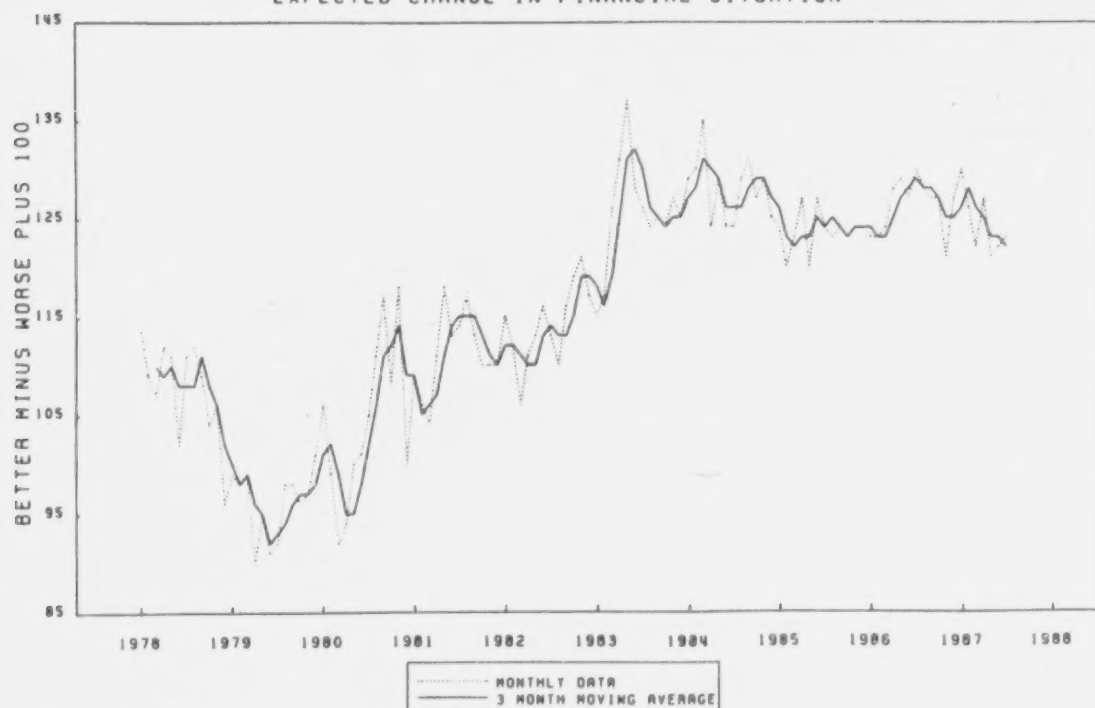


CHART 6 - HISTORICAL SERIES
EXPECTED CHANGE IN FINANCIAL SITUATION

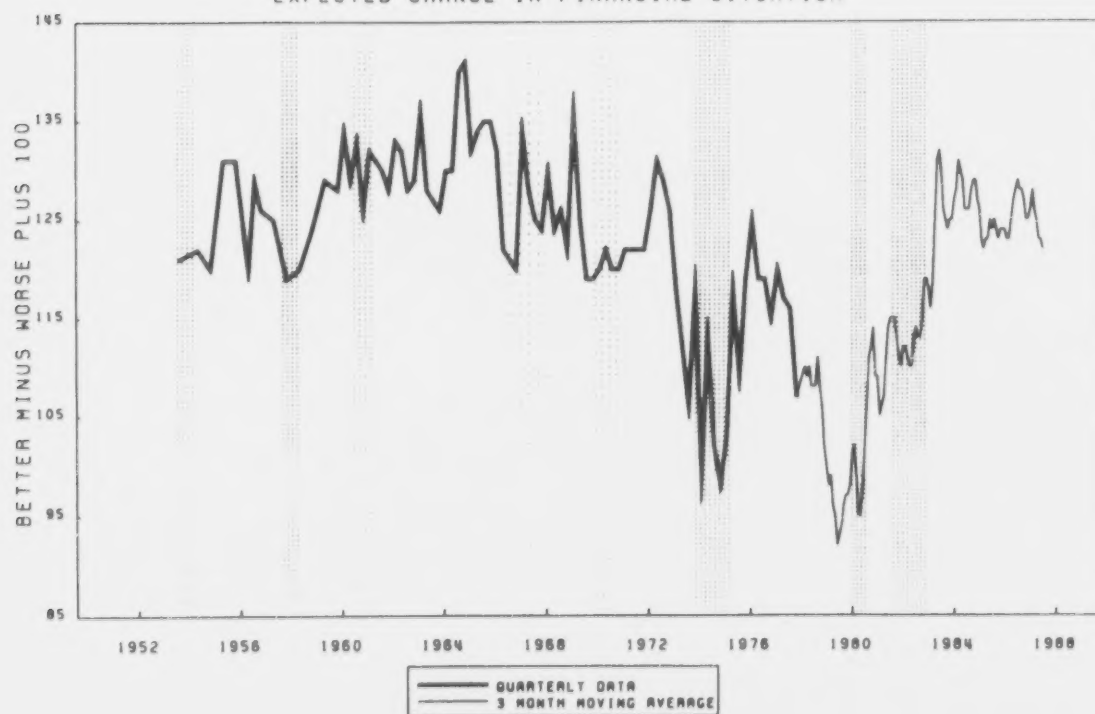


TABLE 6
EXPECTED CHANGE IN FINANCIAL SITUATION

	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987
BETTER OFF	38%	39%	38%	37%	33%	36%	39%	38%	33%	37%	32%	33%	34%
SAME	52	48	47	51	52	52	48	48	53	49	54	53	52
WORSE OFF	8	11	11	10	12	9	9	12	11	10	11	11	11
DK,NA	2	2	4	2	3	3	4	2	3	4	3	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	665	653	659	651	656	653	655	657	652	652	651	654	651

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION



CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION

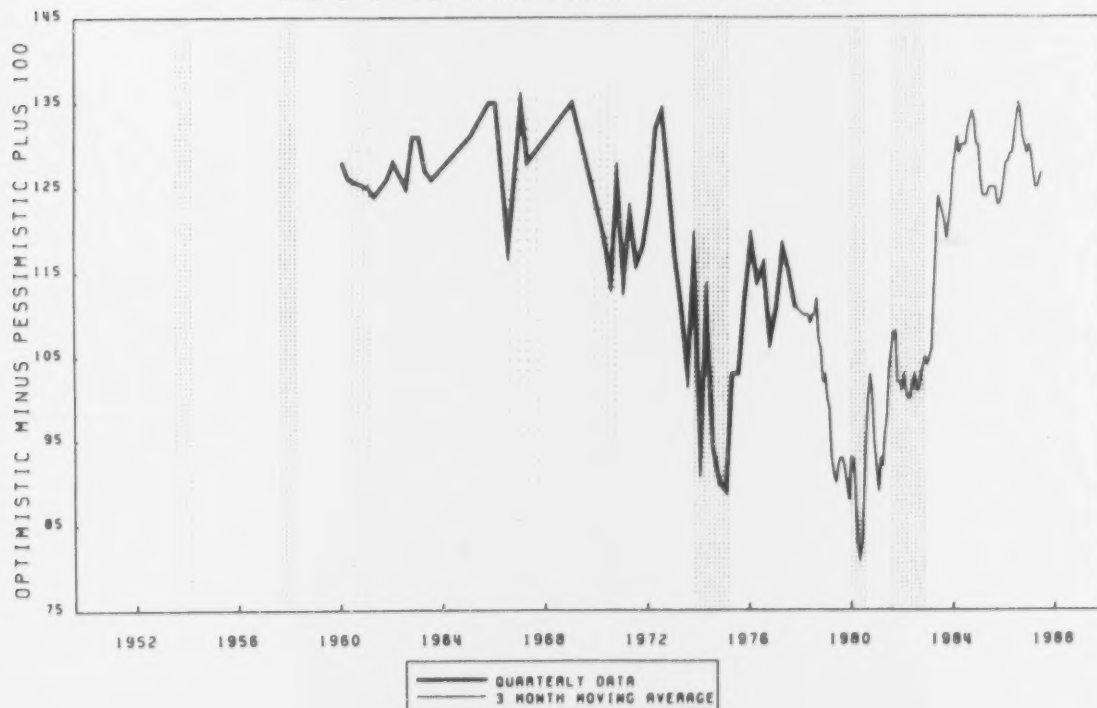


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	23%	21%	21%	22%	18%	18%	22%	22%	19%	19%	17%	18%	19%
Intermittant increase (b)	29	32	29	27	29	29	28	27	25	28	28	31	29
Remain unchanged (c)	19	15	16	19	22	19	17	15	22	17	20	17	20
Intermittant decline (d)	12	13	15	16	13	14	14	17	16	17	16	17	14
Continuous decline (e)	3	6	5	3	5	4	3	6	5	3	4	5	4
Mixed change (f)	11	11	10	11	10	13	12	11	10	12	12	8	10
DK, NA	3	2	4	2	3	3	4	2	3	4	3	4	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	665	653	659	651	656	653	655	657	652	652	651	654	651

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
 (b) Better/Same or Same/Better
 (c) Same/Same
 (d) Worse/Same or Same/Worse
 (e) Worse/Worse
 (f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

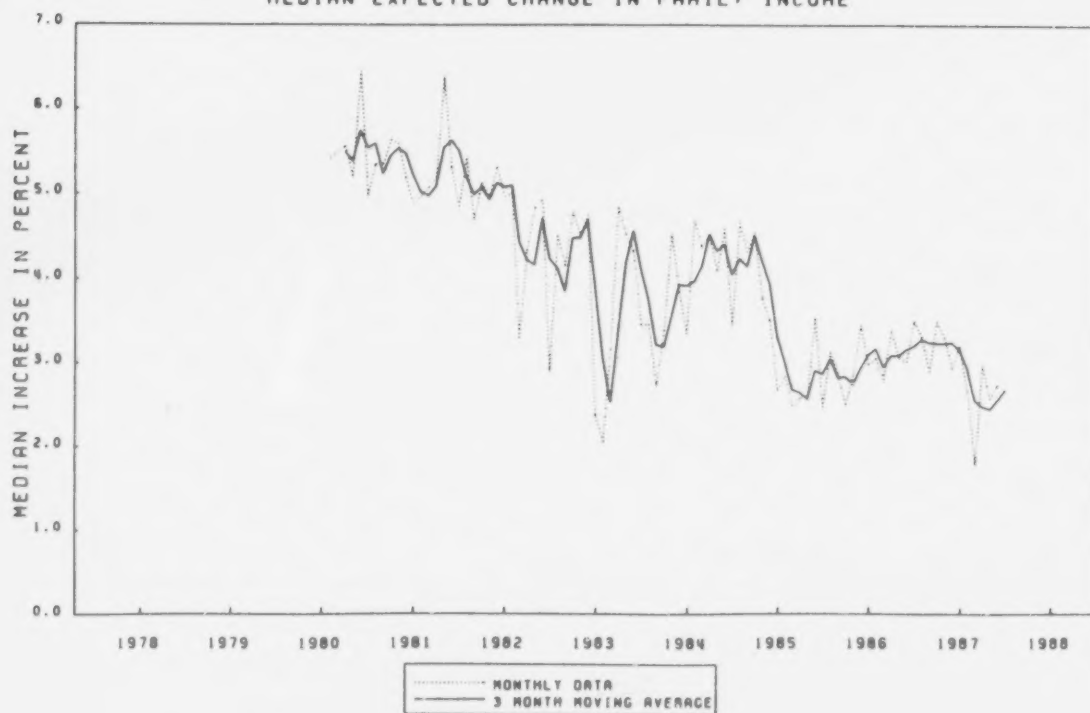


CHART 8 - HISTORICAL SERIES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

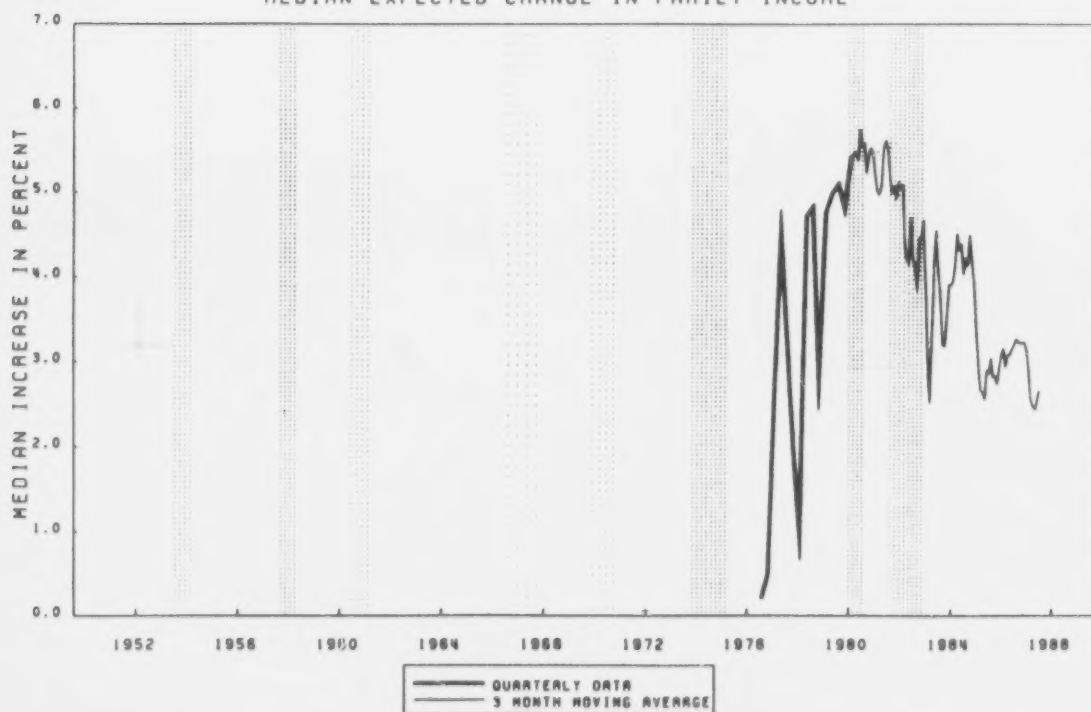


TABLE 8
EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987
EXPECT INCREASE:													
1-4%	15%	16%	16%	14%	17%	18%	16%	15%	17%	15%	18%	21%	18%
5%	12	11	15	12	13	12	11	12	11	9	9	9	9
6-9%	8	7	7	6	9	8	8	5	7	8	8	10	7
10-24%	17	14	15	19	15	14	17	15	11	19	14	13	16
25% or more	8	9	4	7	6	6	6	6	5	5	6	5	6
DK how much up	4	5	3	3	4	4	4	6	6	4	3	4	4
EXPECT SAME	22	24	26	26	23	26	25	27	28	27	26	26	27
EXPECT DOWN	14	13	13	12	12	12	12	14	15	13	15	12	13
DK,NA	*	1	1	1	1	*	1	*	*	*	1	*	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	665	653	659	651	656	653	655	657	652	652	651	654	651

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

* : Less than half of one percent.

CHART 9 - RECENT CHANGES
INCOME OR PRICES UP MORE NEXT YEAR

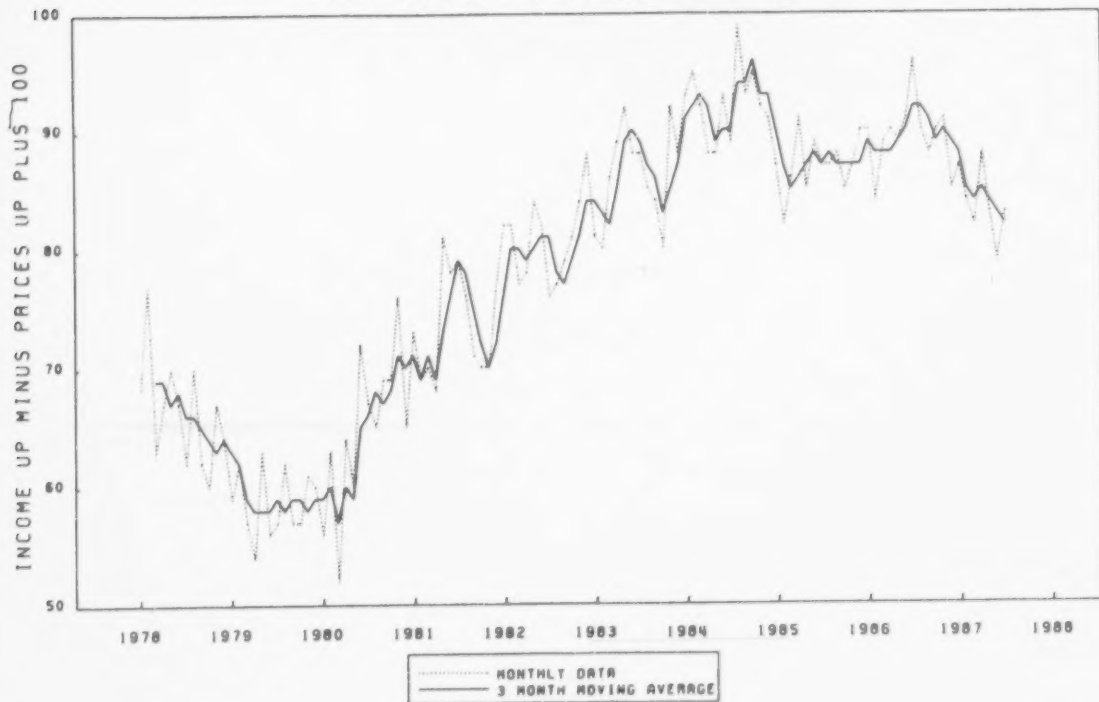


CHART 9 - HISTORICAL SERIES
INCOME OR PRICES UP MORE NEXT YEAR

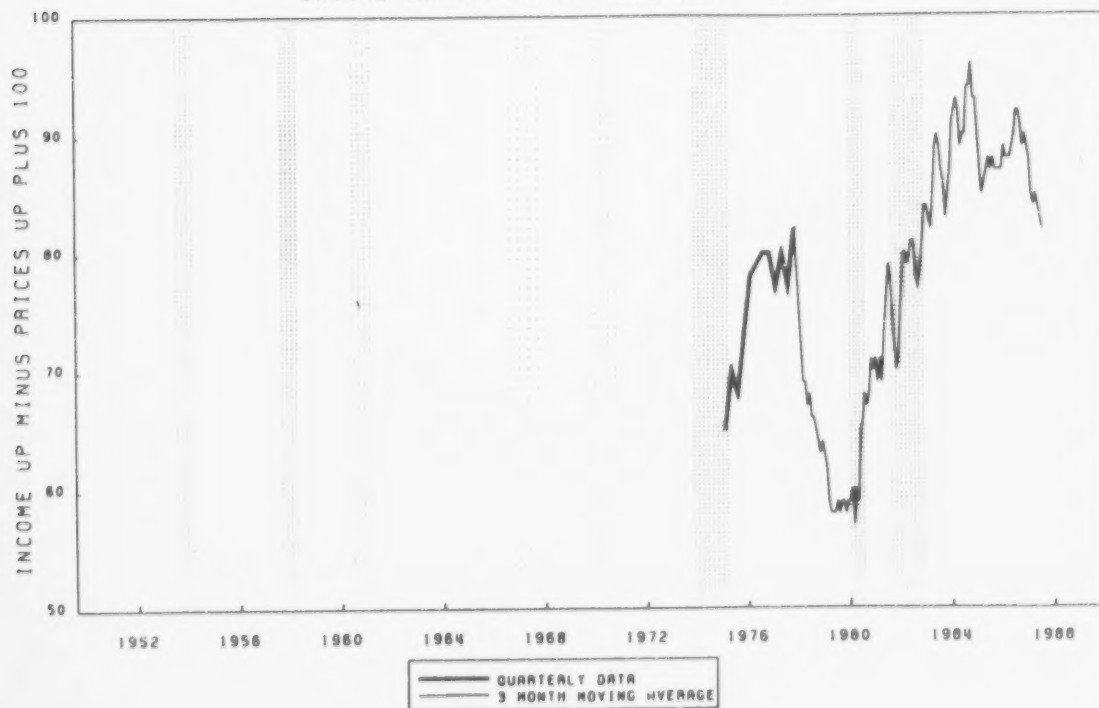


TABLE 9
EXPECTED CHANGE IN REAL FAMILY INCOME

	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987
INCOME UP MORE	24%	22%	20%	22%	21%	19%	22%	20%	18%	21%	17%	17%	17%
INCOME UP SAME	47	44	47	45	47	45	41	42	44	44	48	44	47
PRICES UP MORE	28	32	32	32	30	34	35	36	36	33	34	38	34
DK,NA	1	2	1	1	2	2	2	2	2	2	1	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	665	653	659	651	656	653	655	657	652	652	651	654	651

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

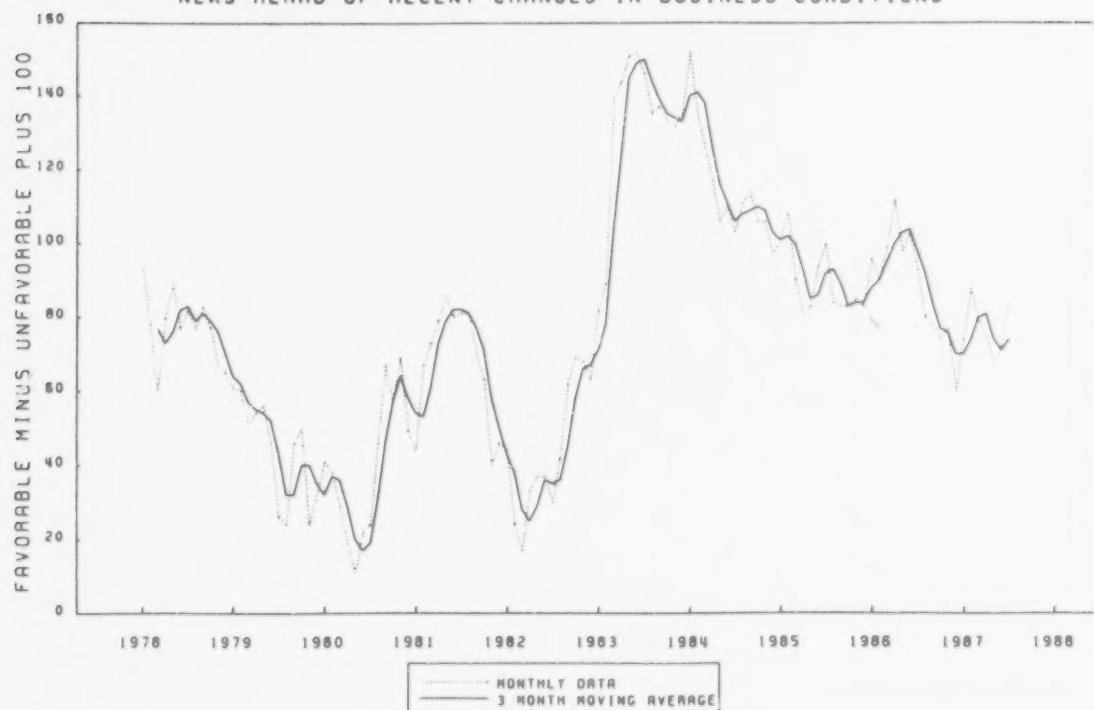


CHART 10 - HISTORICAL SERIES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

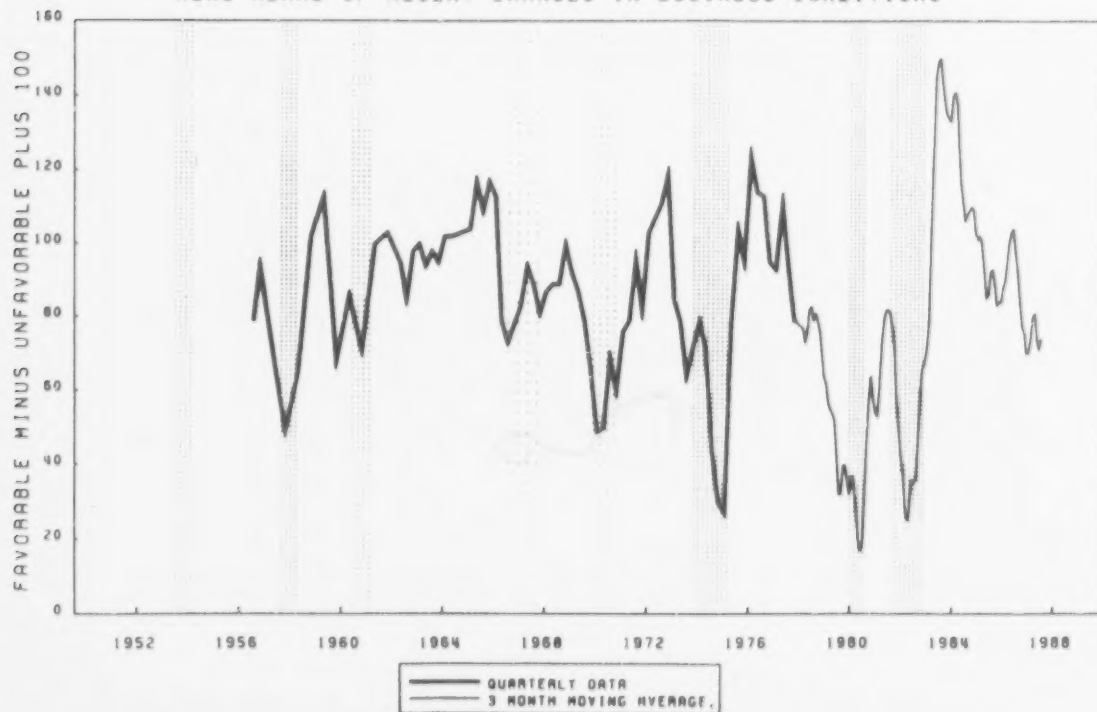


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987
FAVORABLE NEWS	37%	33%	29%	26%	30%	22%	26%	36%	27%	27%	26%	29%	29%
UNFAVORABLE NEWS	44	53	51	52	53	62	52	48	48	52	59	57	45
NO MENTIONS	45	44	49	48	47	44	44	45	49	46	44	42	50

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

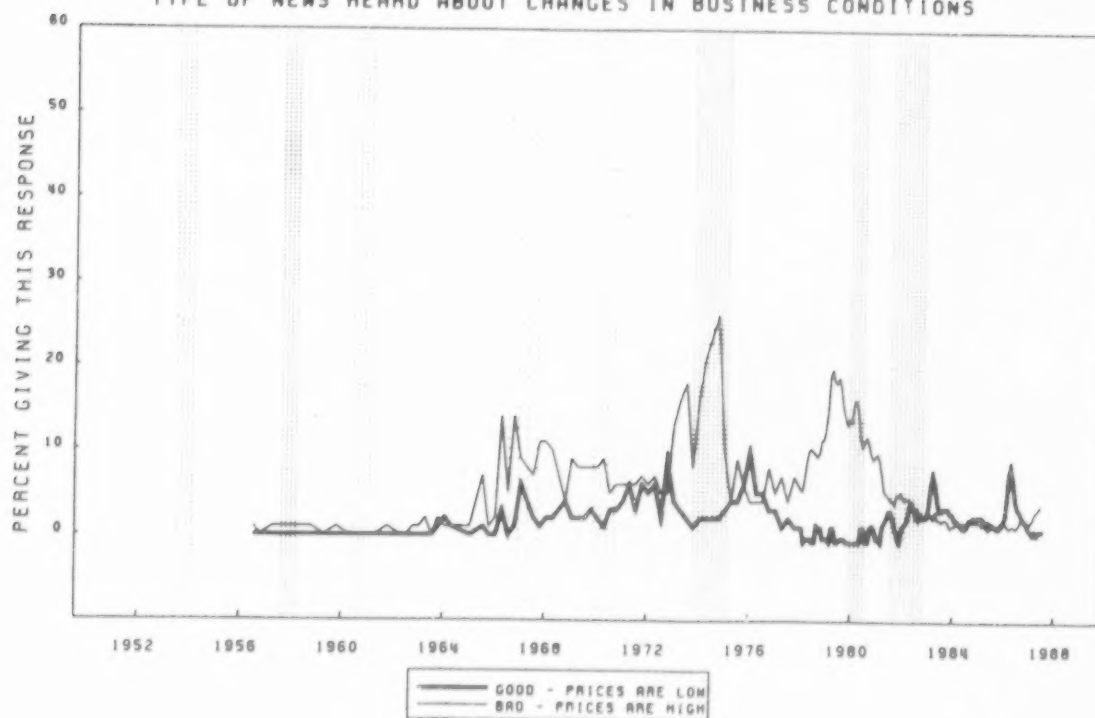


CHART 11B - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

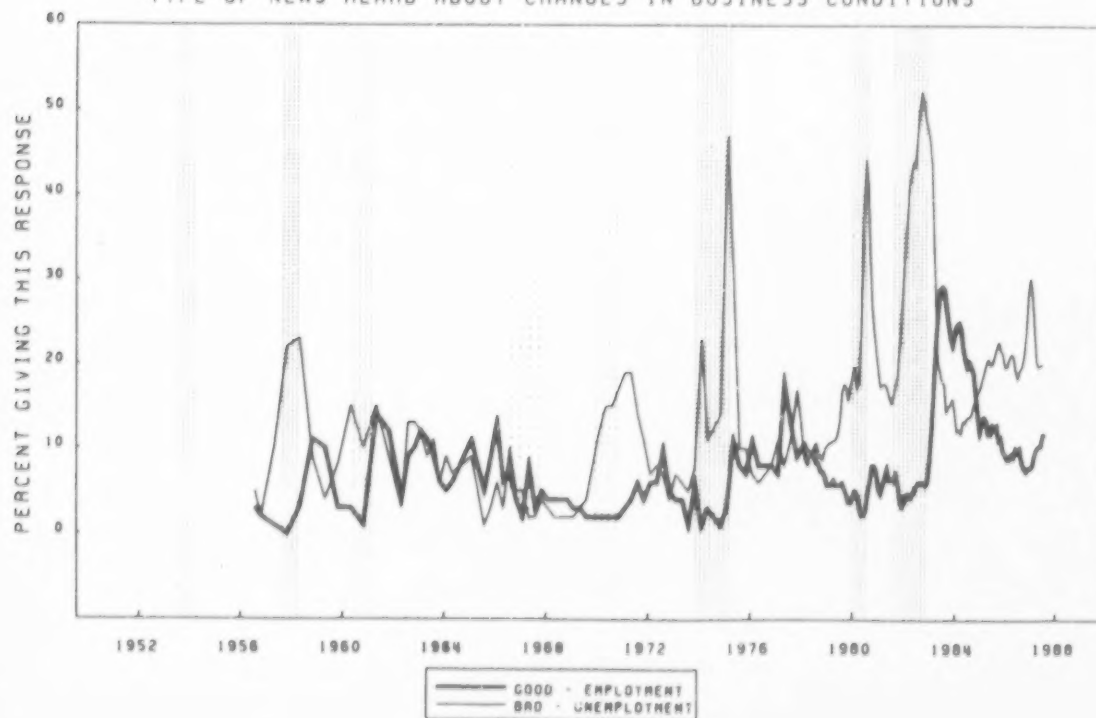


TABLE 11
SELECTED ITEMS OF
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987
FAVORABLE NEWS:													
Government; elections	3%	2%	2%	1%	3%	1%	2%	2%	2%	3%	1%	2%	2%
Employment	9	10	6	7	9	7	7	10	11	9	11	11	13
Higher consumer demand	1	3	2	3	2	2	3	3	1	1	1	2	*
Lower prices	4	3	2	2	2	1	*	1	*	1	*	1	1
Easier credit	11	7	11	8	5	5	5	6	4	2	3	3	2
UNFAVORABLE NEWS:													
Government; elections	5	5	6	8	6	8	9	5	7	7	7	7	5
Unemployment	19	21	19	23	29	33	29	23	20	18	21	21	18
Lower consumer demand	1	2	1	2	2	4	2	3	2	2	2	3	3
Higher prices	*	3	2	2	1	2	1	2	3	3	3	4	4
Tighter credit	1	1	1	*	1	1	1	1	1	4	6	7	4
Energy crisis	*	*	*	*	*	*	*	*	*	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO



CHART 12 - HISTORICAL SERIES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

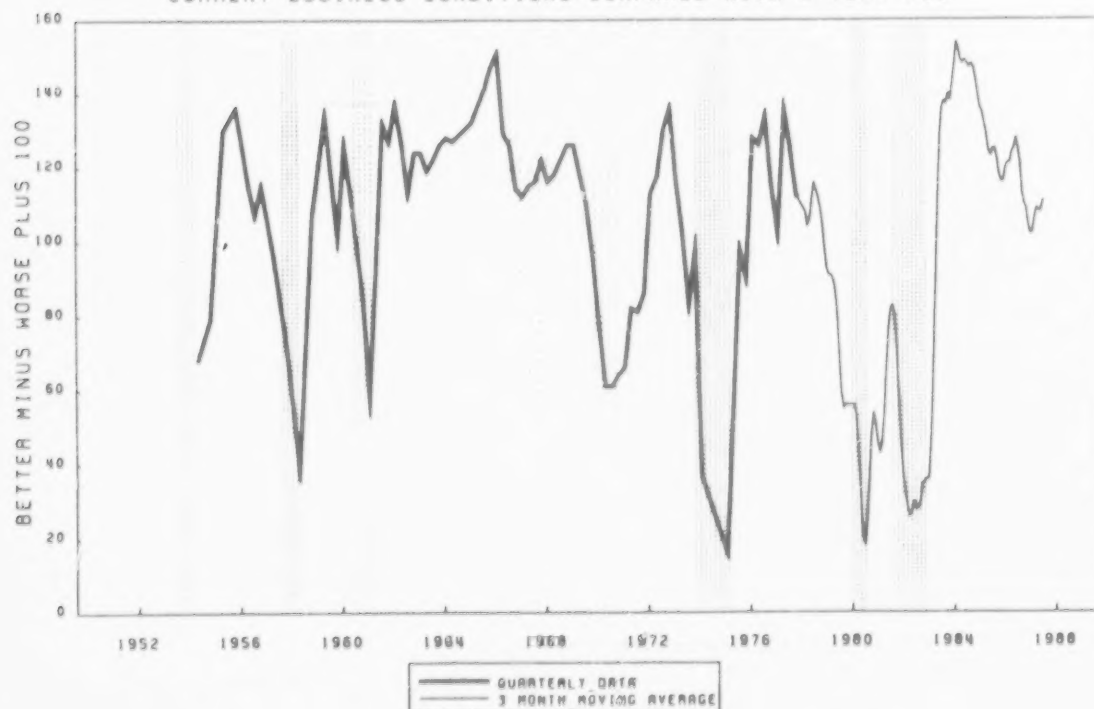


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987
BETTER NOW	53%	47%	47%	47%	45%	40%	43%	47%	45%	46%	43%	46%	50%
SAME	14	14	13	15	16	13	14	14	17	17	16	16	16
WORSE NOW	31	37	39	35	37	45	41	38	37	35	39	36	32
DK, NA	2	2	1	3	2	2	2	1	1	2	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	665	653	659	651	656	653	655	657	652	652	651	654	651

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR



CHART 13 - HISTORICAL SERIES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

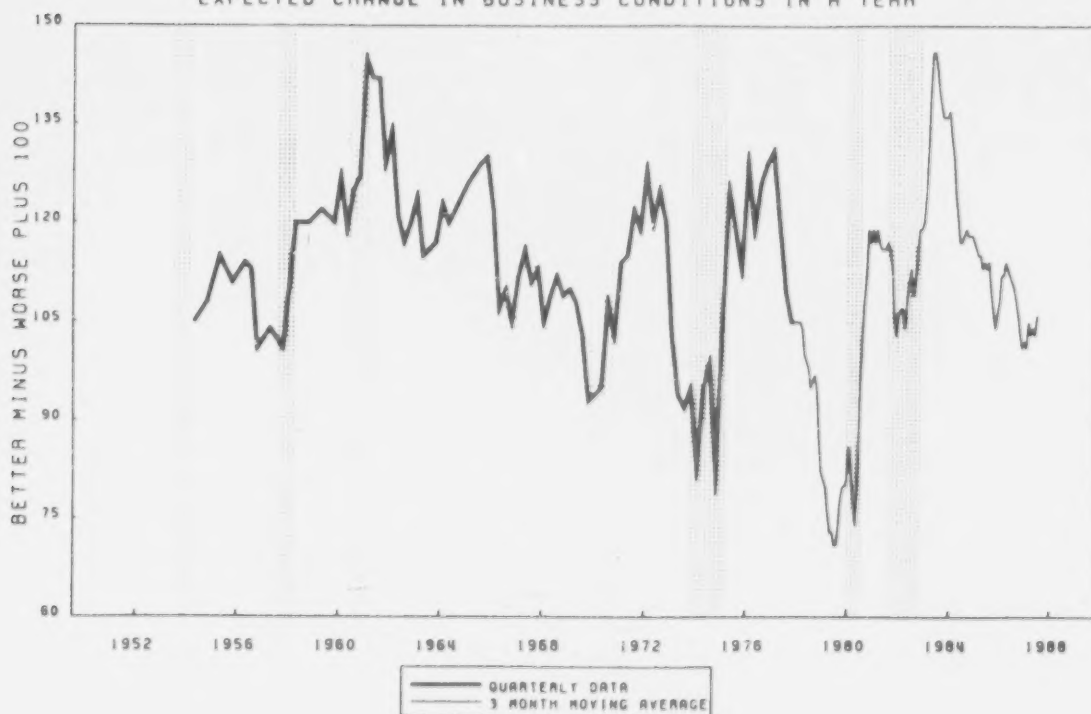


TABLE 13
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987
BETTER	24%	26%	23%	21%	20%	20%	24%	22%	22%	21%	22%	23%	26%
SAME	60	56	55	59	59	56	58	54	61	60	57	57	56
WORSE	14	17	18	18	19	22	17	23	14	18	20	19	14
DK,NA	2	1	4	2	2	2	1	1	3	1	1	1	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	665	653	659	651	656	653	655	657	652	652	651	654	651

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS



CHART 14 - HISTORICAL SERIES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

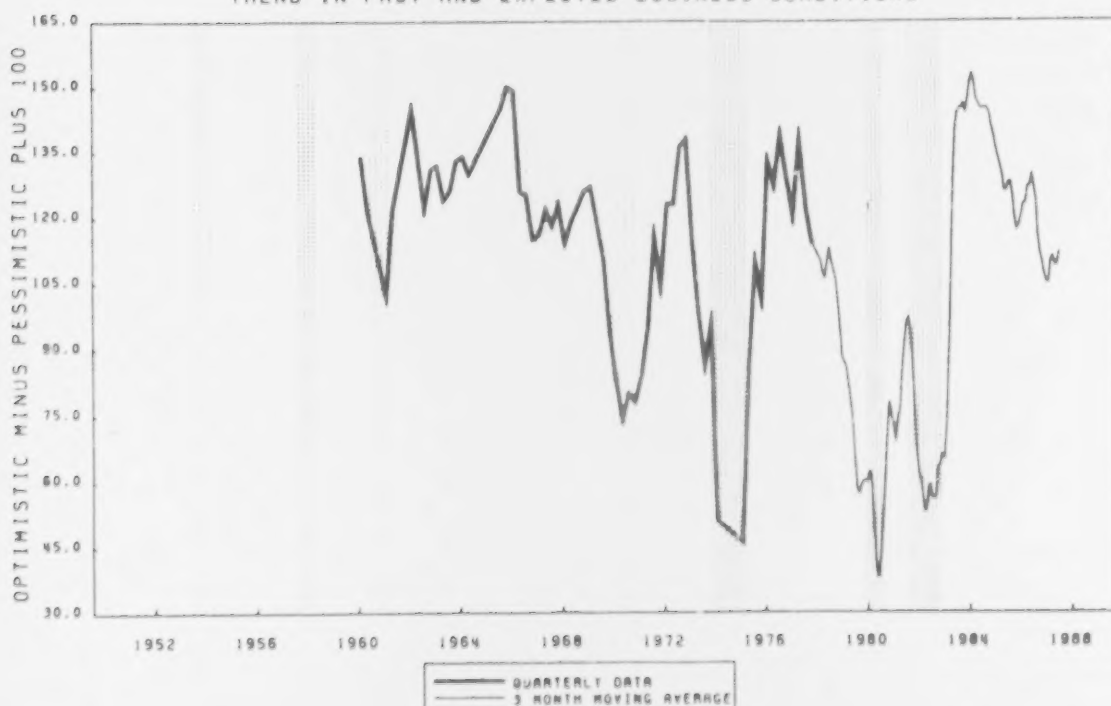


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987
TREND:													
Continuous increase (a)	16%	17%	15%	13%	12%	12%	15%	14%	13%	13%	12%	14%	17%
Intermittant increase (b)	36	29	29	31	30	27	27	32	32	30	28	28	33
Remain unchanged (c)	10	10	8	10	10	10	10	7	11	11	10	11	9
Intermittant decline (d)	18	20	22	21	23	23	24	21	23	22	24	21	19
Continuous decline (e)	9	12	12	10	11	17	11	15	10	10	11	11	10
Mixed change (f)	8	9	10	11	11	7	10	9	7	10	12	12	7
DK,NA	3	3	4	4	3	4	3	2	4	4	3	3	5
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	665	653	659	651	656	653	655	657	652	652	651	654	651

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
 (b) Better/Same or Same/Better
 (c) Same/Same
 (d) Worse/Same or Same/Worse
 (e) Worse/Worse
 (f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS



CHART 15 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS



TABLE 15
BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987
GOOD TIMES	61%	55%	50%	55%	53%	45%	53%	53%	55%	51%	51%	50%	51%
UNCERTAIN; GOOD & BAD	3	4	3	3	3	2	3	1	2	2	1	2	2
BAD TIMES	30	32	35	31	33	41	36	36	34	35	37	37	33
DON'T KNOW	4	5	8	4	5	5	4	5	5	8	5	5	7
NOT ASCERTAINED	2	4	4	7	6	7	4	5	4	4	6	6	7
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	665	653	659	651	656	653	655	657	652	652	651	654	651

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS



CHART 16 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS



TABLE 16
BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987
GOOD TIMES	38%	39%	33%	41%	35%	33%	30%	34%	39%	41%	36%	37%	36%
UNCERTAIN; GOOD & BAD	13	10	11	13	14	13	13	12	10	9	13	9	15
BAD TIMES	44	45	49	42	48	50	53	50	47	44	47	48	42
NOT ASCERTAINED	5	6	7	4	3	4	4	4	4	6	4	6	7
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	665	653	659	651	656	653	655	657	652	652	651	654	651

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOIMENT



CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOIMENT

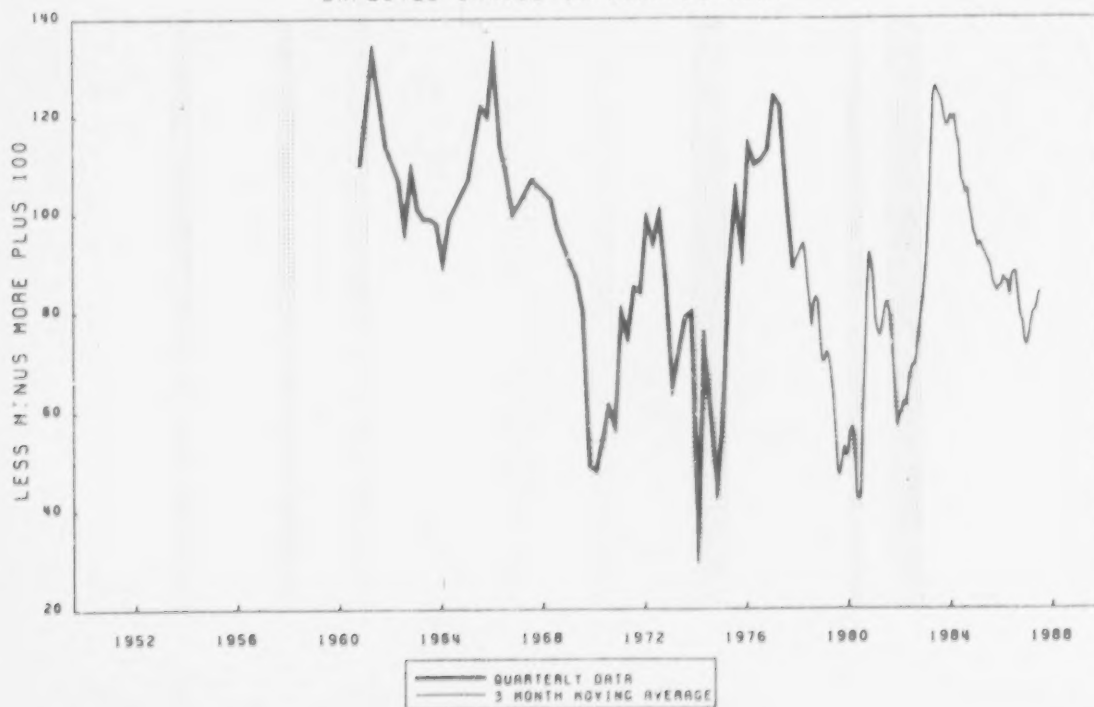


TABLE 17
EXPECTED CHANGE IN UNEMPLOYMENT

	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987
LESS	15%	13%	11%	10%	11%	11%	12%	14%	15%	13%	13%	16%	14%
SAME	56	54	54	55	54	46	49	52	48	52	53	52	55
MORE	27	32	32	33	34	42	38	33	35	33	32	30	30
DK,NA	2	1	3	2	1	1	1	1	2	2	2	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	665	653	659	651	656	653	655	657	652	652	651	654	651

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

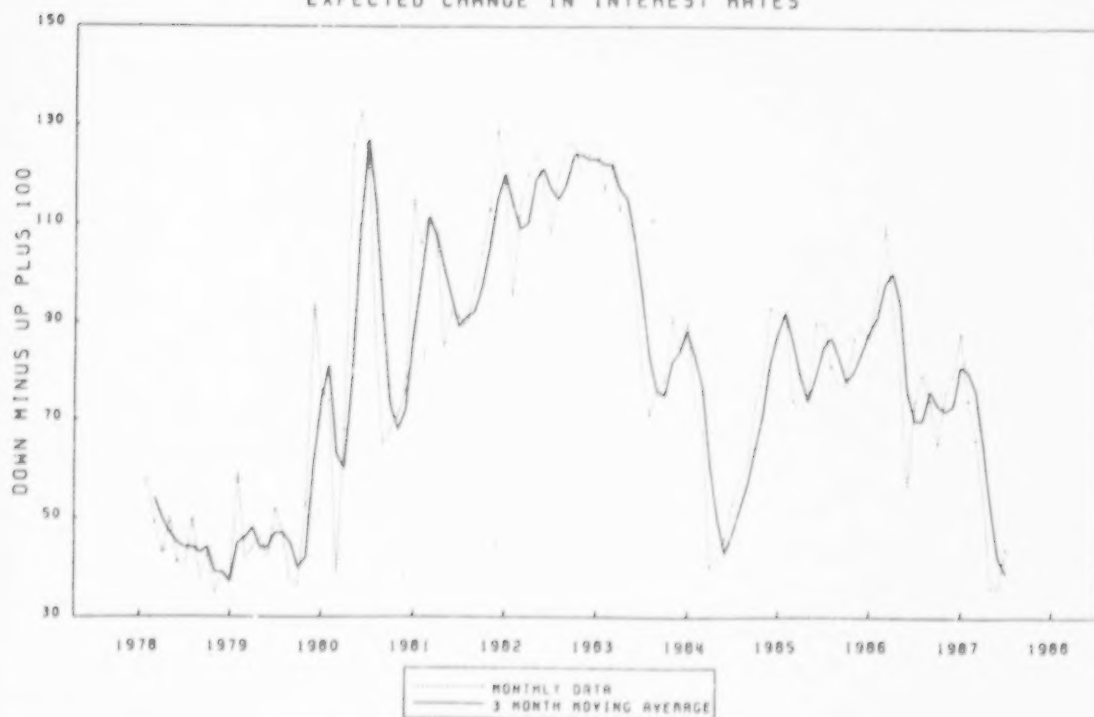


CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES



TABLE 18
EXPECTED CHANGE IN INTEREST RATES

	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987
GO UP	45%	42%	49%	50%	43%	41%	37%	43%	49%	57%	71%	69%	64%
STAY THE SAME	35	34	26	33	37	37	35	38	33	29	21	24	26
GO DOWN	19	22	23	15	19	20	25	17	15	11	7	5	8
DK,NA	1	2	2	2	1	2	3	2	3	3	1	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	665	653	659	651	656	653	655	657	652	652	651	654	651

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS



CHART 19 - HISTORICAL SERIES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS



TABLE 19
EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987
SAME OR DOWN	29%	21%	23%	22%	22%	20%	20%	21%	21%	19%	15%	14%	17%
WILL GO UP BY:													
1-2%	13	18	18	17	19	18	18	17	19	19	18	18	20
3-4%	23	24	23	19	25	23	24	21	21	23	23	25	23
5%	16	14	16	21	15	17	14	18	18	16	18	17	16
6-9%	5	7	5	5	6	7	6	5	6	8	10	7	7
10-14%	5	8	5	8	7	6	7	9	5	7	7	8	9
15% or more	4	4	3	2	2	4	4	4	3	2	4	4	3
DK how much up	4	4	6	5	3	4	6	5	6	6	4	6	4
DK, NA	1	*	1	1	1	1	1	*	1	*	1	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	3.7	4.3	3.5	3.8	3.6	4.1	3.9	4.1	3.6	3.7	4.7	4.5	4.2
VARIANCE	32	38	18	17	28	32	25	26	18	21	36	27	28
CASES	665	653	659	651	656	653	655	657	652	652	651	654	651

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 20 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY



CHART 20 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

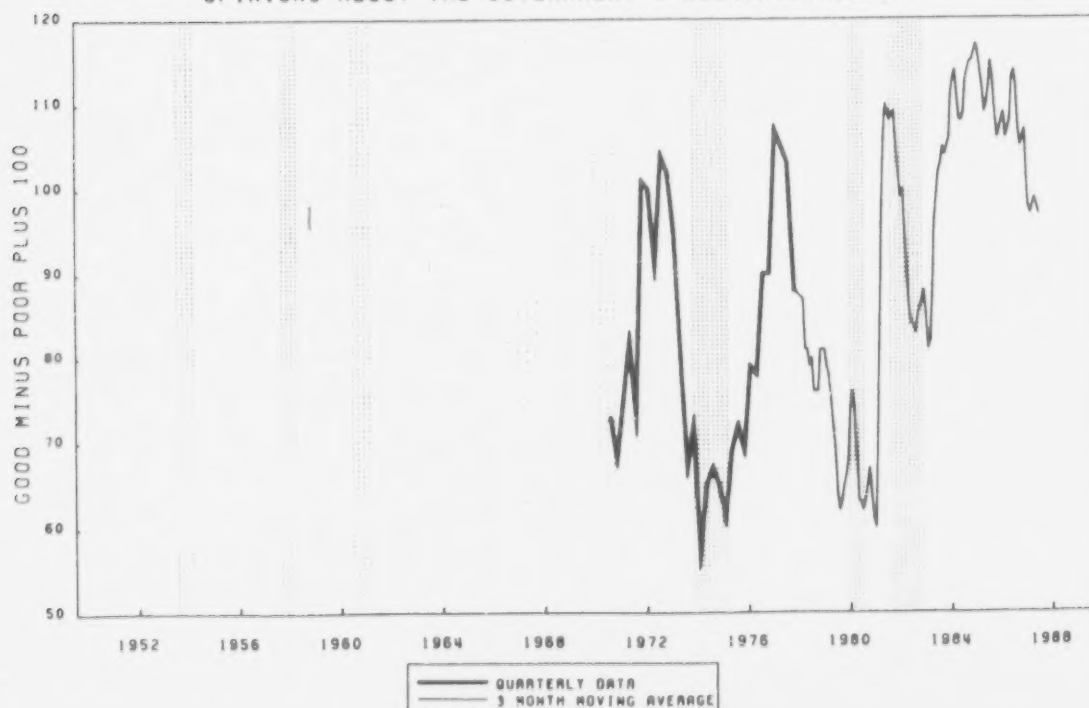


TABLE 20
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987
A GOOD JOB	29%	28%	22%	27%	28%	26%	20%	23%	23%	21%	21%	23%	21%
ONLY FAIR	52	50	54	52	51	49	52	49	52	55	55	49	52
A POOR JOB	17	21	21	19	19	23	26	26	24	22	23	25	26
DK,NA	2	1	3	2	2	2	2	2	1	2	1	3	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	665	653	659	651	656	653	655	657	652	652	651	654	651

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

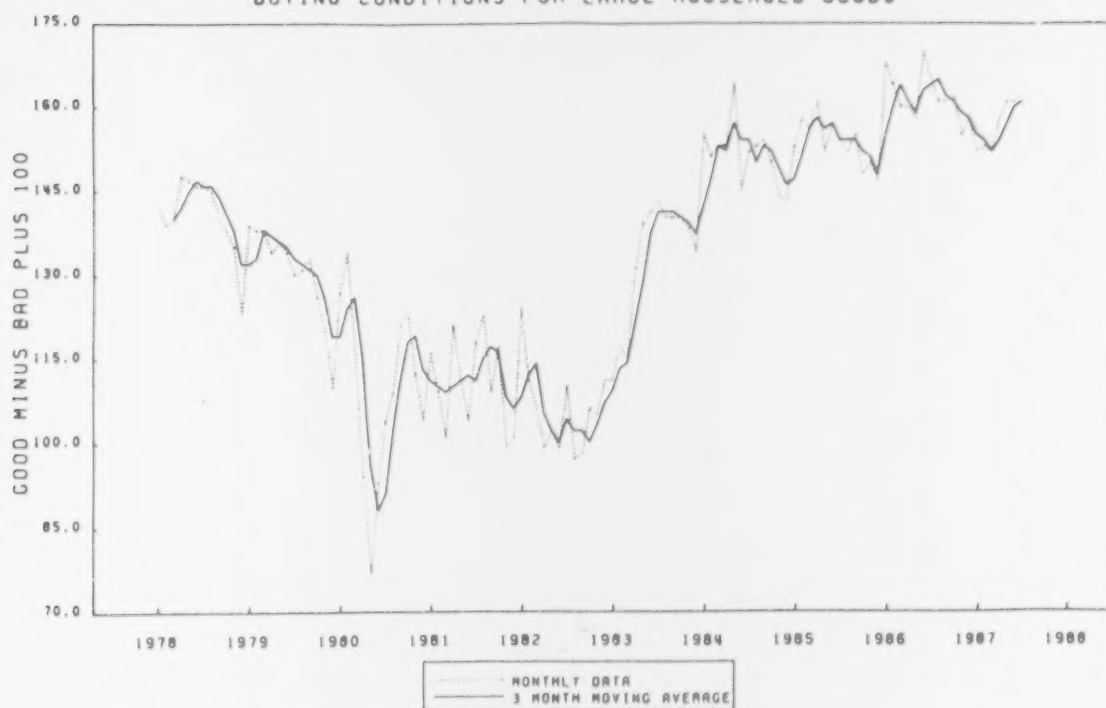


CHART 21 - HISTORICAL SERIES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

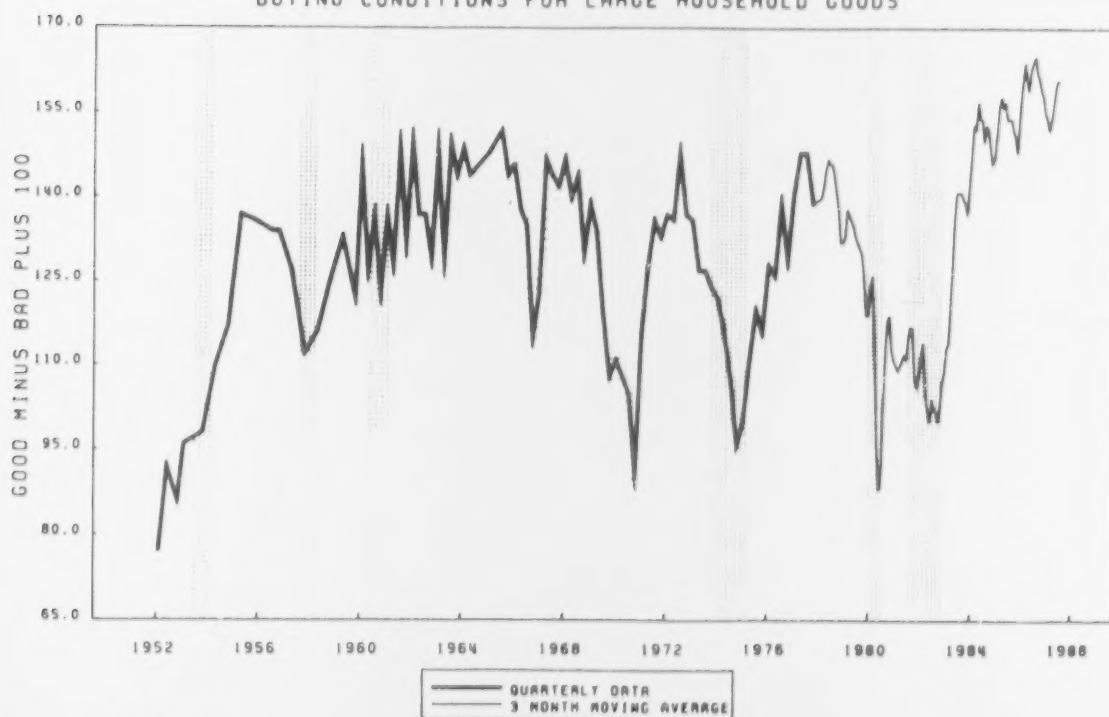


TABLE 21
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987
GOOD TIME TO BUY	79%	77%	76%	76%	72%	75%	72%	73%	71%	74%	76%	76%	76%
UNCERTAIN, DEPENDS	7	7	9	10	11	8	8	7	10	10	9	9	10
BAD TIME TO BUY	14	16	15	14	17	17	20	20	19	16	15	15	14
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	665	653	659	651	656	653	655	657	652	652	651	654	651

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

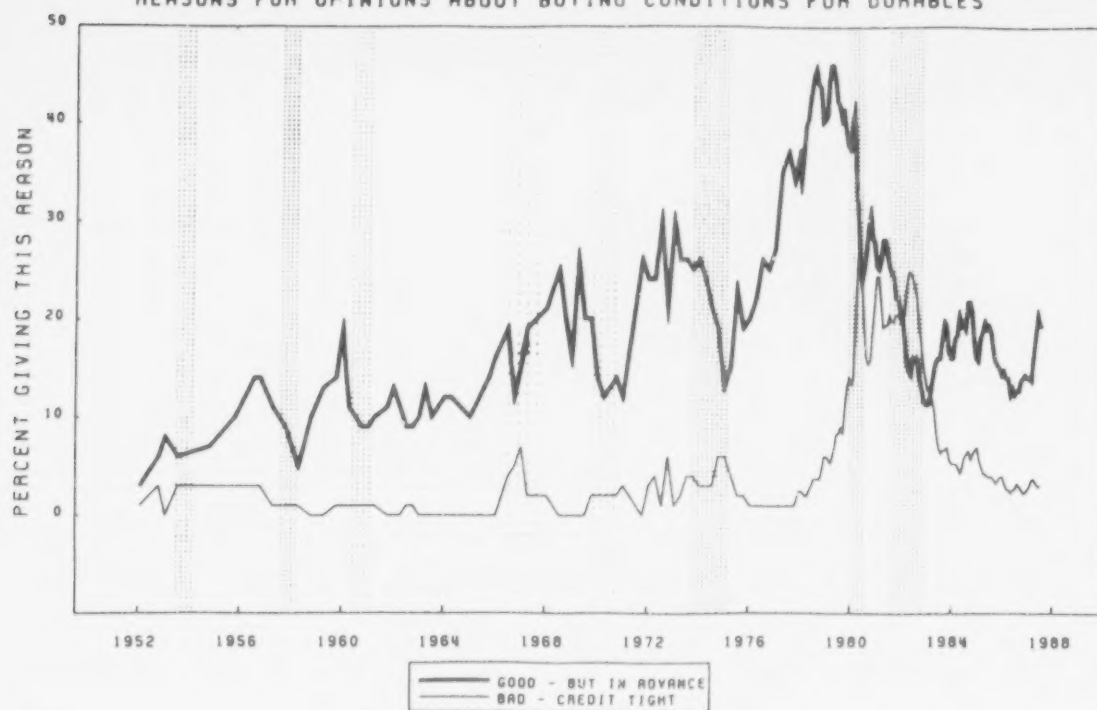


CHART 22B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

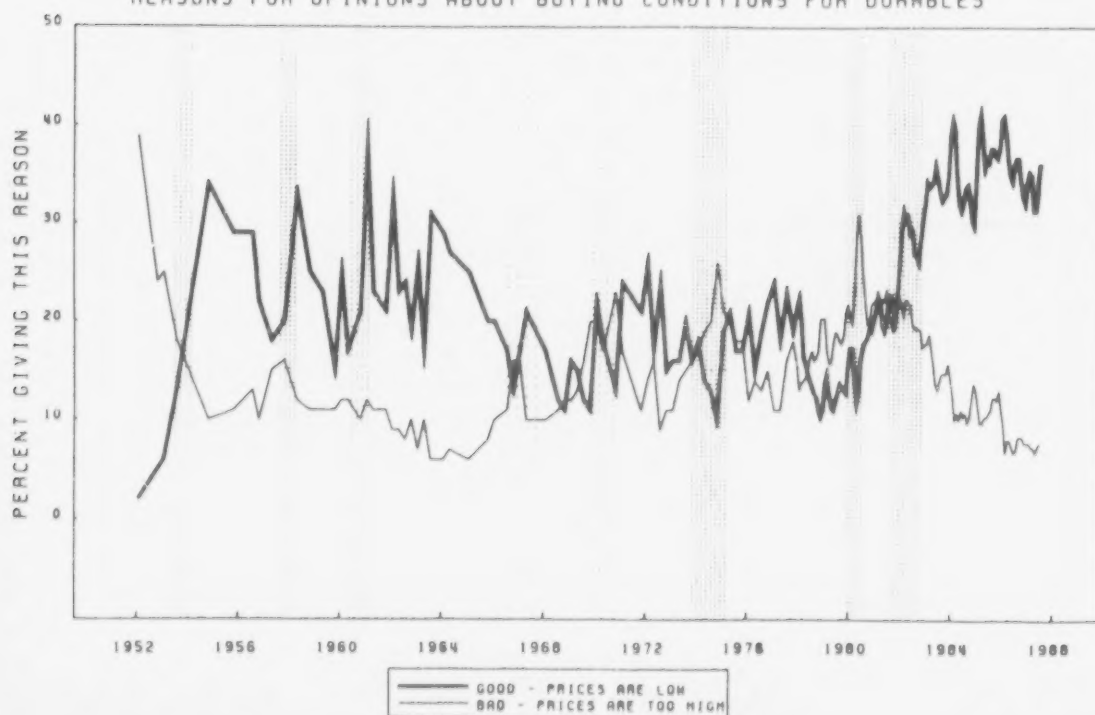


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	40%	35%	35%	33%	30%	33%	40%	33%	32%	29%	33%	38%	37%
Prices won't come down; are going higher	11	13	14	14	14	15	13	14	14	20	20	21	17
Interest rates low; credit is easy	26	26	29	26	25	18	20	21	23	21	19	15	13
BAD TIME TO BUY:													
Prices are high	7	8	10	7	8	8	7	8	7	7	6	9	8
Interest rates are high; credit is tight	3	4	2	2	3	2	3	4	4	3	3	3	3
Lack of purchasing power	6	7	8	7	8	6	8	7	8	5	4	6	5

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES



CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

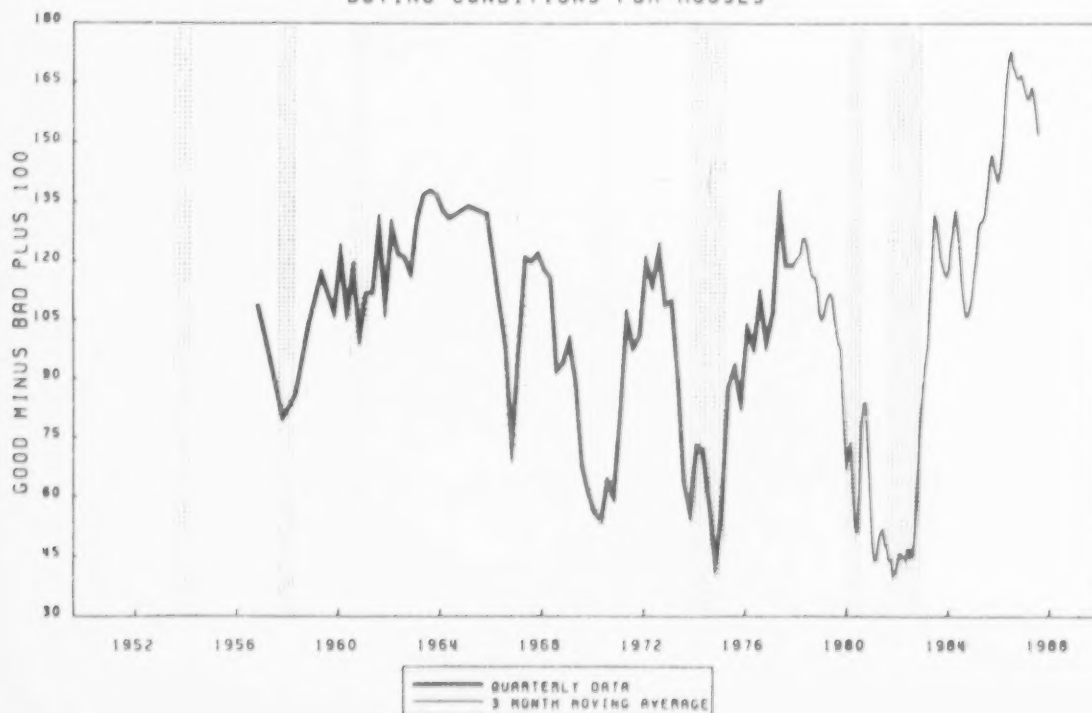


TABLE 23
BUYING CONDITIONS FOR HOUSES

	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987
GOOD TIME TO BUY	82%	81%	83%	81%	83%	80%	76%	81%	80%	82%	77%	73%	72%
UNCERTAIN, DEPENDS	1	3	2	2	2	4	4	2	4	1	4	4	5
BAD TIME TO BUY	17	16	15	17	15	16	20	17	16	17	19	23	23
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	665	653	659	651	656	653	655	657	652	652	651	654	651

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

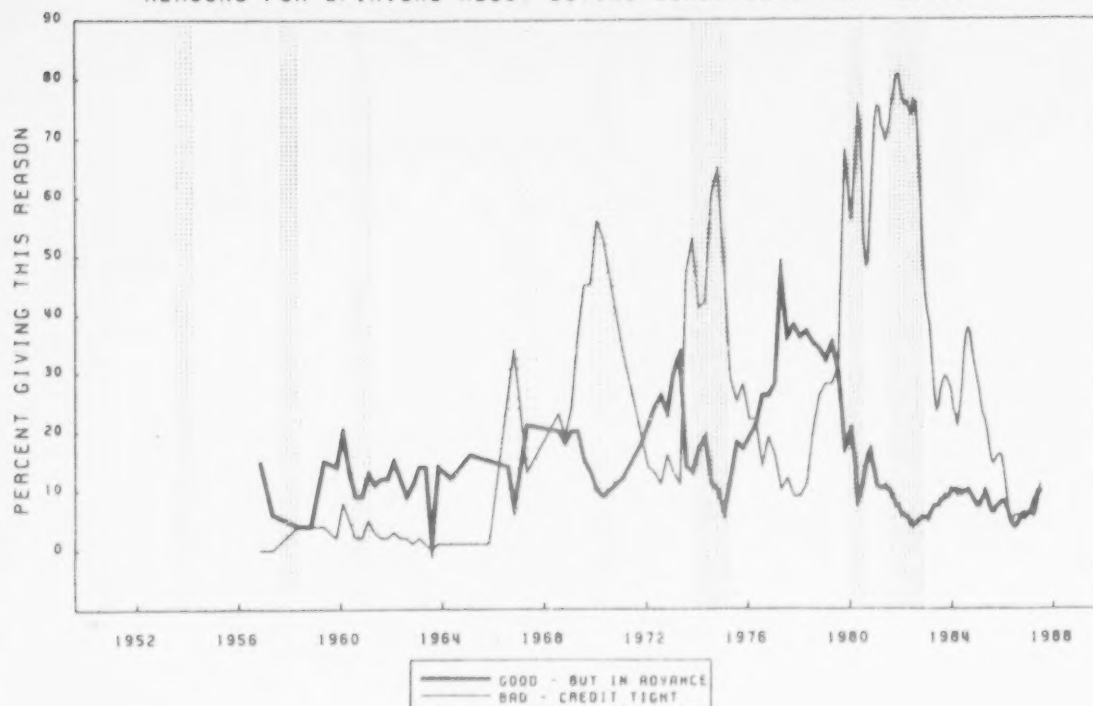


CHART 24B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

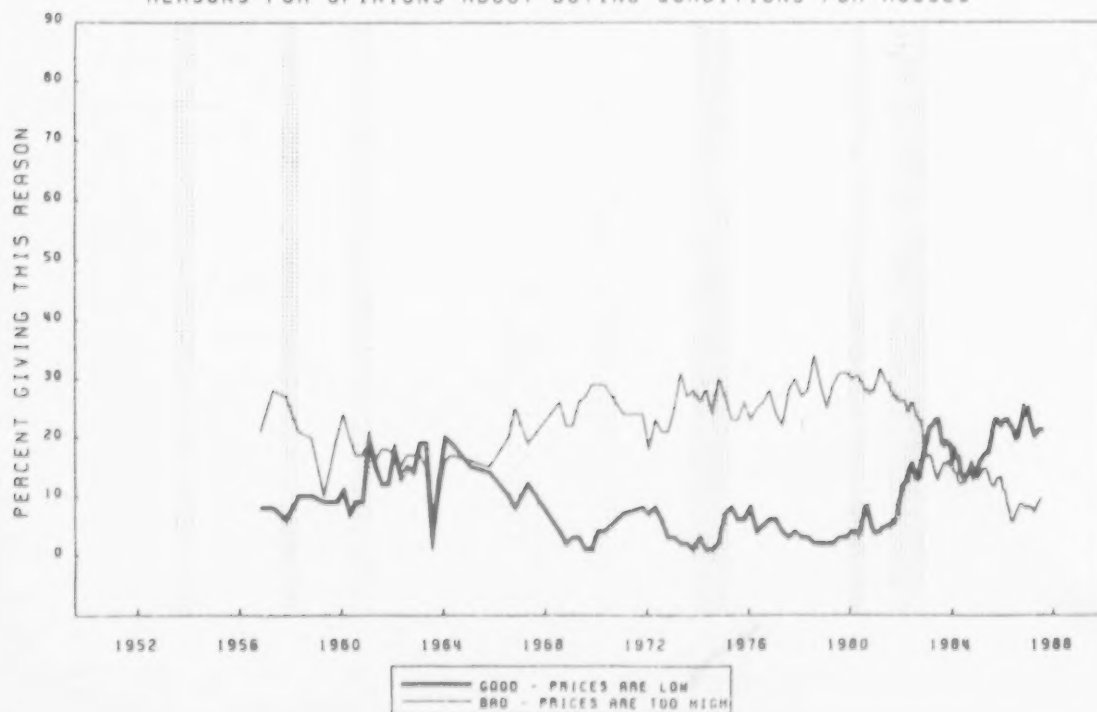


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	18%	21%	26%	22%	27%	23%	24%	21%	19%	21%	22%	21%	21%
Prices won't come down; are going higher	4	4	6	6	6	6	5	7	8	9	9	11	9
Interest rates low; credit is easy	77	78	79	75	75	73	69	74	71	71	66	63	59
Good investment	5	3	5	6	5	6	6	3	6	7	5	5	6
BAD TIME TO BUY:													
Prices are high	9	8	9	9	7	8	10	6	8	8	9	10	10
Interest rates are high; credit is tight	7	5	5	5	5	5	7	6	6	4	9	12	12
Lack of purchasing power	7	8	6	8	8	7	9	8	6	8	6	8	5

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS



CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS



TABLE 25
BUYING CONDITIONS FOR CARS

	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987
GOOD TIME TO BUY	74%	73%	81%	72%	63%	64%	55%	62%	66%	64%	67%	65%	67%
UNCERTAIN; DEPENDS	6	8	3	7	6	7	9	9	7	8	9	10	11
BAD TIME TO BUY	20	19	16	21	31	29	36	29	27	28	24	25	22
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	665	653	659	651	656	653	655	657	652	652	651	654	651

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS



CHART 26B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

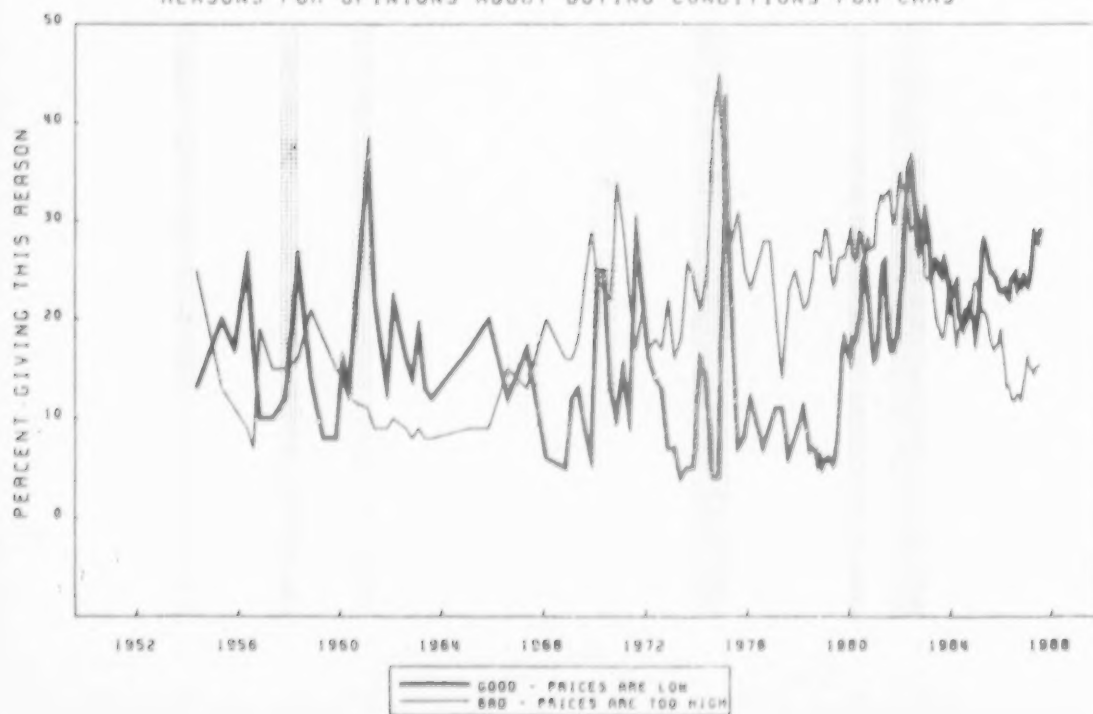


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	23%	23%	25%	22%	26%	23%	21%	29%	29%	28%	27%	28%	32%
Prices won't come down; are going higher	8	9	6	5	7	9	8	8	6	9	13	15	10
Interest rates low; credit is easy	53	52	73	58	43	45	34	38	44	40	40	38	30
New fuel efficient models	1	*	*	*	*	*	1	*	*	1	*	1	1
BAD TIME TO BUY:													
Prices are high	14	12	11	12	17	15	17	13	15	15	15	16	15
Interest rates are high; credit is tight	3	3	4	8	9	4	6	4	4	2	6	5	5
Lack of purchasing power	5	5	2	2	4	4	6	6	5	5	5	4	4
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	1
Poor selection; quality	3	1	1	1	2	2	2	2	2	3	3	2	3

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

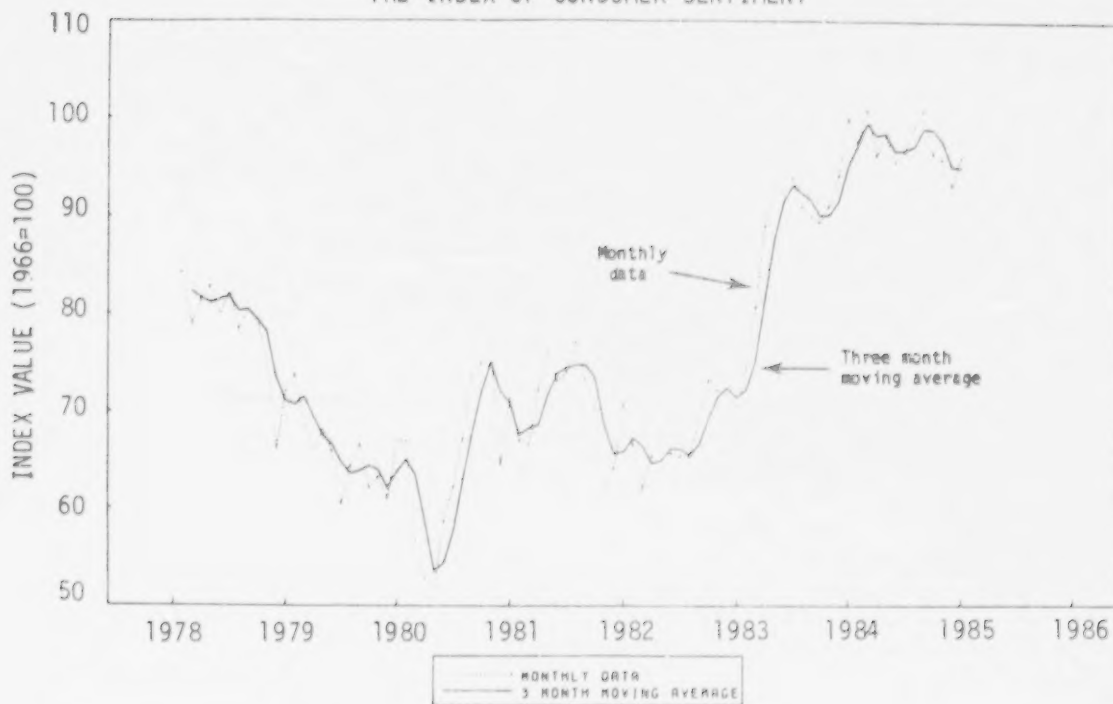


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

- QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.
- MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.
- THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES:	November 1948	-	October 1949
	July 1953	-	May 1954
	August 1957	-	April 1958
	April 1960	-	February 1961
	June 1966	-	November 1967*
	December 1969	-	November 1970
	November 1973	-	March 1975
	January 1980	-	July 1980
	July 1981	-	November 1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS^a OF SURVEY FINDINGS
(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	<u>700^b</u>	<u>1,400^c</u>	<u>2,100^d</u>
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

^aThe figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

^bAverage size of monthly surveys.

^cAverage size of two monthly surveys.

^dAverage size of three monthly surveys (one quarter).



Surveys of Consumers

Richard T. Curtin, *Director*

PERSONAL FINANCIAL CONCERNS WEAKEN SPENDING PLANS

- * In the July 1987 survey, the Index of Consumer Sentiment was 93.7, between the 91.5 recorded one month earlier, and the 97.7 recorded one year earlier. This marks the longest sustained period of consumer confidence since the mid 1960's. The Index first rose above the mid 1970's peak in May of 1983, following a strong initial surge in consumer optimism in the last half of 1982 and early 1983, and since then has remained at those favorable levels--93.3 in May 1983 versus 93.9 in July 1987. The cyclical peak was recorded in March 1984 (101.0), and was nearly regained in June 1986 (99.3).
- * Although the Index has shown only small variations in trend during the past four years, the mix of evaluations and expectations that characterized the optimism of 1983 is quite different than current mix which continues to support consumer confidence. In early 1983, consumer optimism was based on the expectation of improved economic conditions--both for the economy as a whole as well as for their own financial situation. Currently, consumer confidence is not based on the expectation of further improvement, but rather it is now built on the improved financial situation that more than four years of economic expansion has provided. While the expected rate of economic growth has slowed as the expansion has lengthened, few consumers expect the economy to slip into recession during the next year or so. Importantly, expected trends in interest rates now dominate these growing economic concerns.
- * Personal financial evaluations remained favorable in the July survey, although somewhat diminished from one year earlier. Among all families in the July 1987 survey, 45 percent reported that their financial situation had improved, down from the cyclical peak of 49 percent recorded in July 1986. Although slightly fewer families reported income increases in July 1987 than one year earlier (36, down from 39 percent), income declines were also less frequently reported (12, down from 18 percent).
- * Consumers view prospects for their own financial situation in positive terms, but not nearly as optimistically as one year earlier. Among all families in the July 1987 survey, 34 percent expected their financial situation to improve, down from 38 percent one year earlier, and the peak of 43 percent in early 1983. The decline in personal financial optimism has been due to smaller expected gains in family income, while the expected rate of inflation has edged upward. The median expected annual increase in family income was 2.7% in July 1987, down from 3.8% one year earlier. At the same time the median expected rate of inflation rose to 3.2% in July 1987 from 2.9% one year earlier. As a consequence, real income expectations were the least favorable in July 1987 since the start of the expansion.

- * This more cautious outlook for personal finances has resulted in consumers being less willing to incur new debt or draw down accumulated savings in order to finance new purchases. In the July 1987 survey, 21 percent of all families reported that they were not reluctant to use credit, down from 35 percent one year earlier, and the lowest level since the expansion began (see Table A). Willingness to use accumulated savings fell to 34 percent in July 1987 from 41 percent one year earlier (see Table B).
- * Evaluations of economic conditions in the country as a whole were slightly better in the July survey than during the first half of the year. Among all families, 50 percent reported that the economy had improved, up from 43 percent in January, while 26 percent expected further improvement during the year ahead, up from 24 percent in January. The majority of families, however, continued to expect little if any change in the performance of the economy during the year ahead.
- * Interest rates were expected to increase during the year ahead by 64 percent of all families in the July 1987 survey, somewhat below the recent peak of 71 percent recorded in May, but substantially above the 45 percent recorded one year earlier.
- * The largest and most important change in consumer evaluations of buying conditions has been centered on interest rate trends. During the past year, the proportion of families that favorably mentioned interest rates when explaining their views has fallen sharply. When asked about home buying conditions, favorable references to mortgage rates fell to 59 from 77 percent from July 1986 to July 1987; for vehicles, the decline was to 30 from 53 percent; and for purchases of major household durables, favorable references to finance rates fell to 13 from 26 percent. These changing perceptions of interest rates have diminished favorable buying attitudes. The new round of interest rate discounts on vehicle purchases will help reverse these declines.
- * Favorable attitudes toward buying conditions for homes were held by 72 percent of all families in the July 1987 survey, down from 82 percent one year earlier. Favorable vehicle buying attitudes were held by 67 percent in the July 1987 survey, down from 74 percent one year earlier. Favorable attitudes toward purchases of major household durables were held by 76 percent of all families in July, down from 79 percent in 1986. Although such a modest overall decline still leaves buying attitudes at relatively favorable levels, these reactions by consumers underscore the importance now given to interest rates in purchase timing decisions.

TABLE A
OPINIONS ABOUT WHETHER NOW IS A GOOD TIME
TO USE CREDIT FOR MAJOR PURCHASES

Use of Credit...								
Survey Date	UK; not reluctant	Pro-con	Not UK; reluctant	Don't know; NA	Total	# cases	Relative score	
July 1982	11%	1%	86%	2%	100%	708	25	
July 1983	28	1	69	2	100	680	59	
July 1984	27	1	71	1	100	656	56	
July 1985	28	*	68	4	100	641	60	
July 1986	35	1	63	1	100	665	72	
July 1987	21	*	76	3	100	651	45	

*Less than 0.5 percent.

The question was: "If there were something that you wanted to buy, do you think that now is a time when it would be O.K. for you to buy it on credit, or is now a time when you would be especially reluctant to take on new debt?"

TABLE B
OPINIONS ABOUT WHETHER NOW IS A GOOD TIME
TO USE SAVINGS FOR MAJOR PURCHASES

(Percentage distribution of families with savings)

Use of Savings...								
Survey Date	UK; not reluctant	Pro-con	Not UK; reluctant	Don't know; NA	Total	# cases	Relative score	
July 1982	26%	1%	72%	1%	100%	650	54	
July 1983	37	*	61	2	100	623	76	
July 1984	35	*	63	2	100	591	72	
July 1985	38	*	58	4	100	587	80	
July 1986	41	1	56	2	100	608	85	
July 1987	34	*	62	4	100	603	72	

*Less than 0.5 percent.

The question was: "If there were a major purchase that you wanted to make, do you think that now is a time when it would be O.K. to use some of your savings or is now a time when you would be especially reluctant to use some of your savings?"

017655-2

SURVEYS OF CONSUMER ATTITUDES



Institute for Social Research

TABLES AND CHARTS

AUGUST 1987

The August 1987 survey is the 229th in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

While every effort is made to accurately measure consumer attitudes and expectations, factors other than sampling may also affect the accuracy of these (and other) findings. These factors may include effects of the question wording, the ability of respondents to articulate answers and opinions, refusal to participate in the survey, and incomplete coverage of the population. There are no standard measures of these effects, but their presence should be acknowledged when using these and all other survey data. While measurement effects are present in all surveys, a noted advantage of time-series data is that the non-sampling influences remain relatively constant over samples.

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5	Selected Reasons for Opinions About Personal Financial Situation
6	Expected Change in Financial Situation
7	Trend in Personal Financial Situation
8	Expected Family Income Change During the Next 12 Months
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CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT



CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

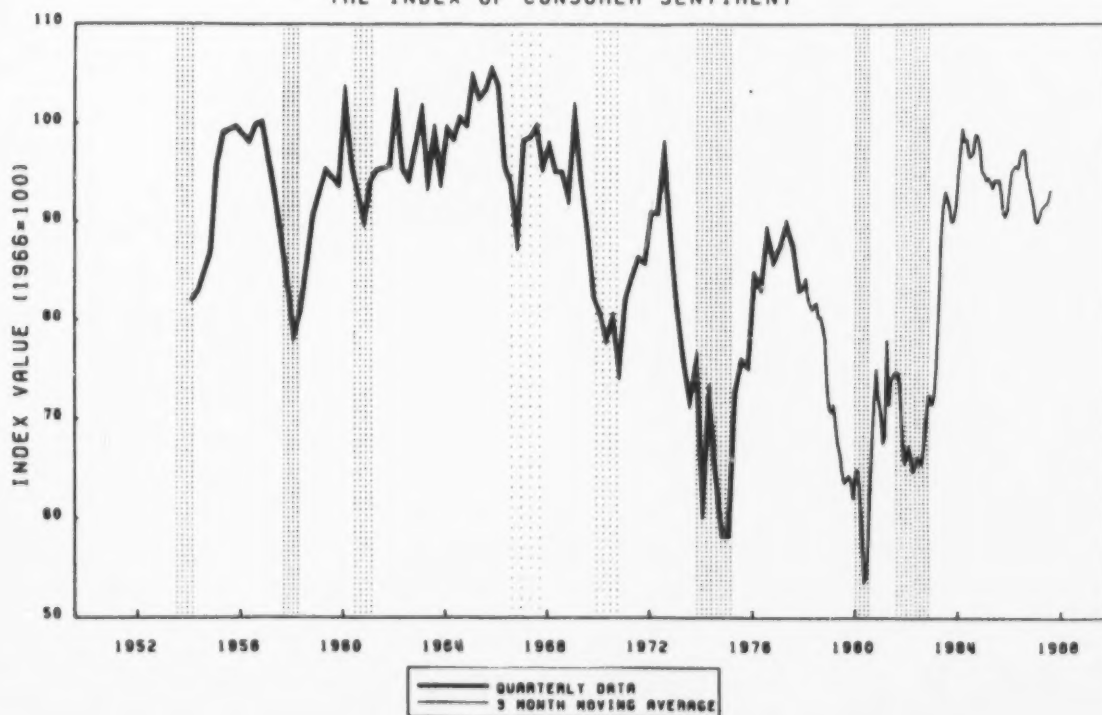


TABLE 1
THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	All families	Families with incomes over \$30,000	Families with incomes over \$40,000
August 1984	99.1	113.3	116.4
September 1984	100.9	110.8	112.9
October 1984	96.3	113.5	114.8
November 1984	95.7	112.9	113.6
December 1984	92.9	101.5	101.7
January 1985	96.0	110.2	112.1
February 1985	93.7	113.8	113.8
March 1985	93.7	110.8	114.4
April 1985	94.6	108.9	114.9
May 1985	91.8	105.3	107.7
June 1985	96.5	107.4	110.3
July 1985	94.0	105.2	109.5
August 1985	92.4	106.7	110.2
September 1985	92.1	101.7	104.9
October 1985	88.4	99.6	107.4
November 1985	90.9	100.8	100.3
December 1985	93.9	106.0	108.3
January 1986	95.6	109.7	110.1
February 1986	95.9	107.8	109.0
March 1986	95.1	102.9	110.2
April 1986	96.2	106.9	111.0
May 1986	94.8	105.5	109.9
June 1986	99.3	110.6	112.4
July 1986	97.7	109.6	108.5
August 1986	94.9	105.0	106.6
September 1986	91.9	99.5	102.1
October 1986	95.6	102.8	105.5
November 1986	91.4	97.5	98.7
December 1986	89.1	98.7	98.3
January 1987	90.4	101.2	104.0
February 1987	90.2	103.6	103.6
March 1987	90.8	97.8	96.1
April 1987	92.8	98.5	103.1
May 1987	91.1	97.7	99.2
June 1987	91.5	102.9	102.9
July 1987	93.7	102.5	104.0
August 1987	94.4	104.4	109.1

CHART 2A - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

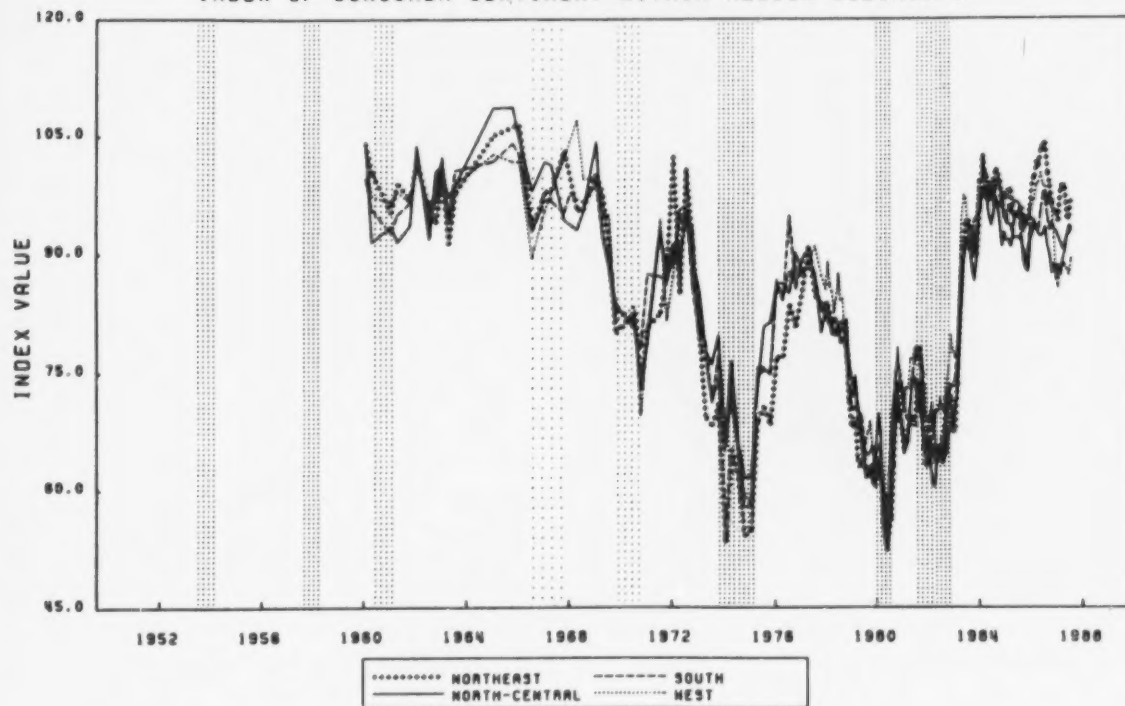


CHART 2B - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

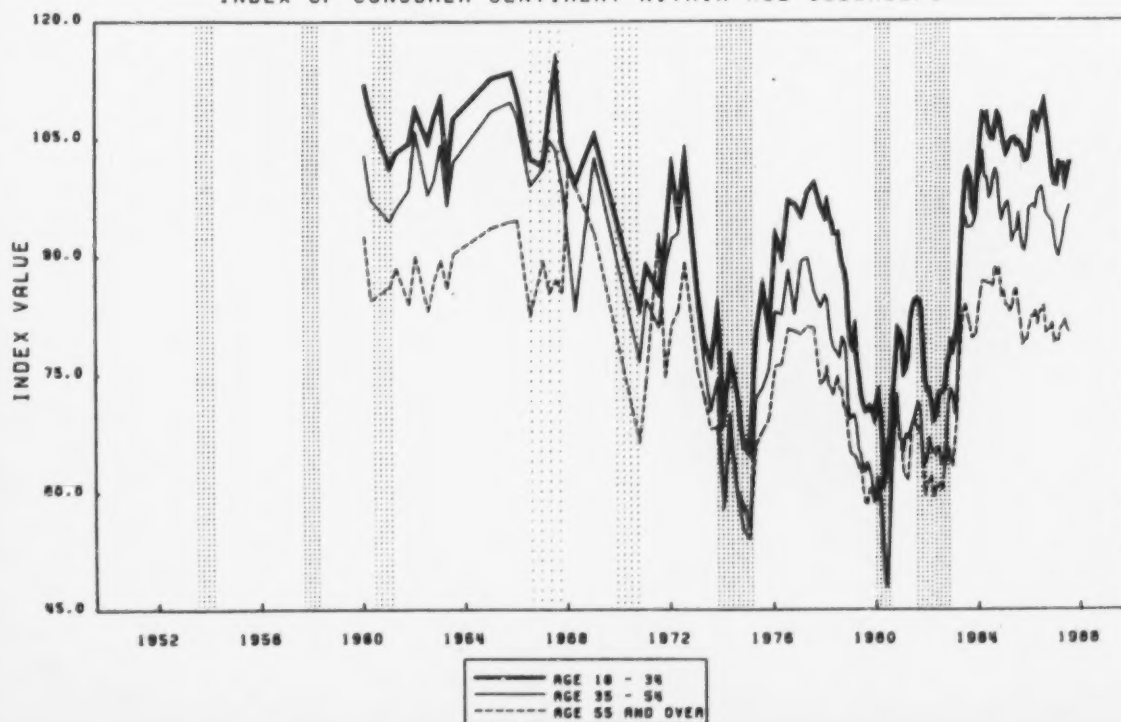


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY	CENSUS REGION				AGE OF RESPONDENT		
	North East	North Central	South	West	18-34	35-54	55+
August 1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September 1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October 1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November 1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December 1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January 1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February 1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March 1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April 1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May 1985	88.8	94.0	91.9	91.3	103.2	87.9	84.6
June 1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July 1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August 1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September 1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October 1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November 1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December 1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January 1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8
February 1986	103.4	92.7	93.2	98.0	109.7	94.1	83.8
March 1986	99.1	94.9	91.3	98.9	109.1	96.0	82.0
April 1986	102.7	92.3	94.4	99.5	104.8	97.8	83.6
May 1986	101.2	90.1	93.5	98.8	104.9	99.9	78.3
June 1986	106.2	94.1	98.5	102.7	112.7	97.9	86.6
July 1986	103.9	93.4	101.7	94.7	108.2	98.6	84.5
August 1986	102.5	92.6	90.5	98.2	107.9	95.2	80.1
September 1986	94.6	87.0	91.9	95.8	106.3	92.4	76.1
October 1986	99.1	90.0	96.5	99.3	102.5	97.3	85.7
November 1986	95.8	85.6	93.2	92.3	99.5	94.2	80.4
December 1986	91.8	90.4	89.5	84.0	98.0	91.3	78.3
January 1987	98.1	85.9	96.0	83.9	99.9	91.2	78.4
February 1987	92.4	89.5	90.7	89.2	99.1	89.2	81.5
March 1987	104.6	86.3	87.5	91.2	106.4	89.3	77.7
April 1987	99.4	91.7	93.7	87.2	99.0	95.1	83.5
May 1987	91.3	92.9	92.1	87.1	99.5	92.8	82.1
June 1987	92.5	92.2	91.5	89.7	99.0	95.5	80.0
July 1987	100.1	95.7	93.8	85.2	103.0	97.8	80.2
August 1987	99.0	91.0	95.2	93.2	103.3	95.8	80.8

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS



CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

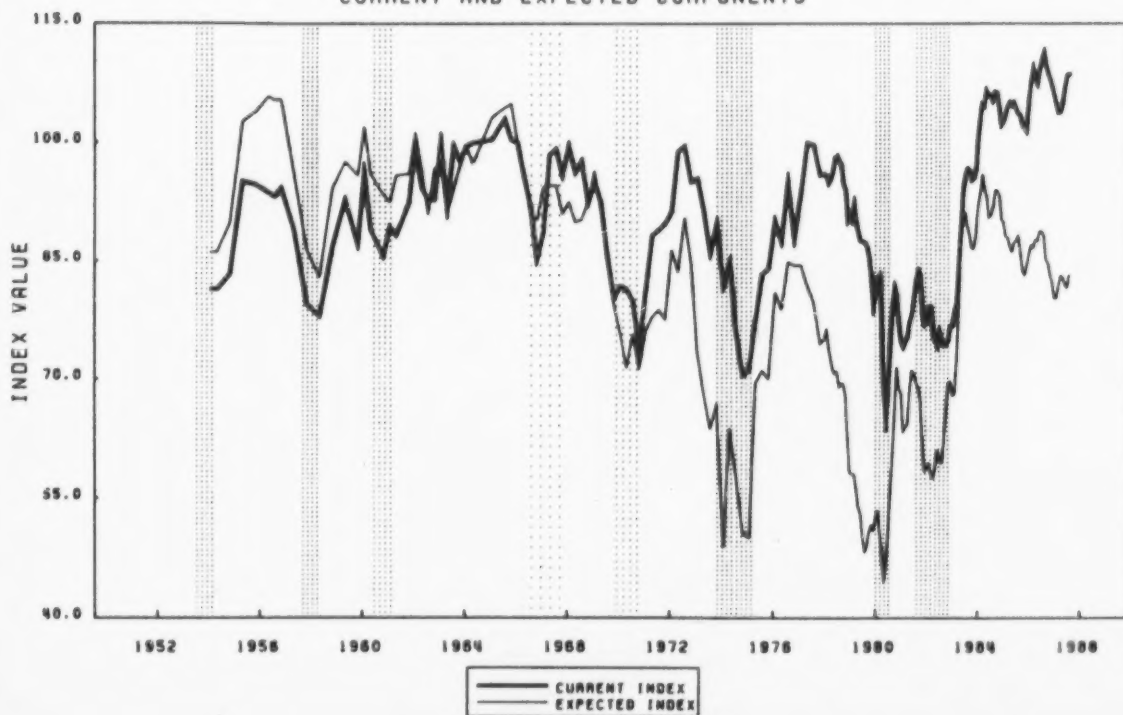


TABLE 3
COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY		INDEX COMPONENTS +						
		Personal finances		Business conditions		Buying conds.	Current Index	Expected Index
		Current	Expected	12 months	5 years			
(1)	(2)	(3)	(4)	(5)	(1,5)	(2,3,4)		
August 1984		125	129	137	111	153	107.5	93.7
September 1984		125	131	142	116	154	107.8	96.4
October 1984		118	127	134	107	150	103.6	91.6
November 1984		121	129	132	107	144	102.4	91.5
December 1984		118	125	131	98	143	100.6	87.9
January 1985		119	124	135	104	153	104.9	90.3
February 1985		115	120	131	96	158	105.1	86.5
March 1985		112	123	133	96	156	103.7	87.3
April 1985		116	127	128	95	161	106.6	87.0
May 1985		116	120	121	97	152	103.7	84.2
June 1985		115	127	133	106	157	104.9	91.1
July 1985		116	124	129	98	154	104.3	87.4
August 1985		112	123	125	99	152	101.8	86.3
September 1985		116	124	118	96	155	104.3	84.2
October 1985		111	123	111	90	148	100.3	80.8
November 1985		111	124	120	96	150	100.7	84.5
December 1985		120	124	127	103	147	103.1	88.1
January 1986		122	123	126	93	168	111.8	85.3
February 1986		117	123	132	98	164	108.4	87.8
March 1986		120	124	129	96	160	107.9	86.9
April 1986		120	128	133	94	160	108.1	88.5
May 1986		117	129	131	92	158	106.2	87.5
June 1986		124	127	136	100	170	113.3	90.3
July 1986		126	130	131	94	165	112.1	88.5
August 1986		121	128	123	94	161	108.9	85.9
September 1986		120	127	115	84	161	108.3	81.3
October 1986		120	127	124	99	162	108.9	87.1
November 1986		121	121	120	87	155	106.7	81.6
December 1986		116	127	104	83	158	105.8	78.3
January 1987		120	130	117	77	152	105.1	80.9
February 1987		115	126	117	84	153	103.7	81.6
March 1987		114	122	121	92	152	102.5	83.3
April 1987		116	127	116	97	158	105.5	84.7
May 1987		117	121	114	89	161	107.4	80.6
June 1987		120	122	113	89	161	108.1	80.8
July 1987		123	123	118	94	162	109.9	83.3
August 1987		122	127	125	93	157	107.8	85.8

(1) See Table 4.

(2) See Table 6.

(3) See Table 15.

(4) See Table 16.

(5) See Table 21.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

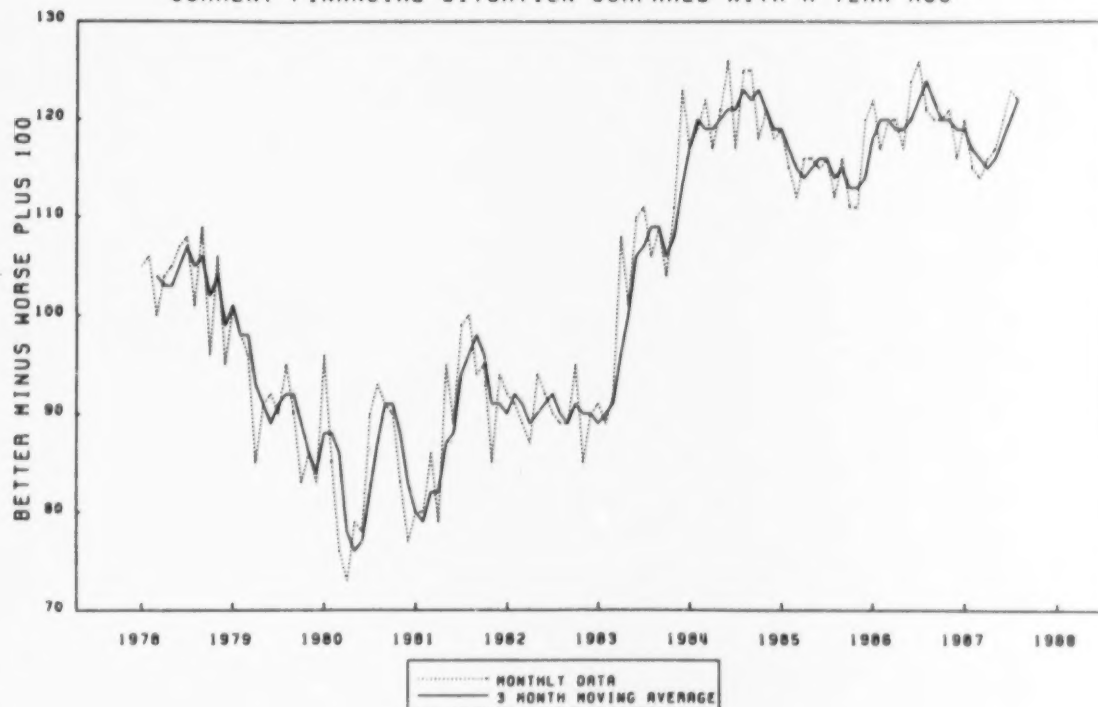


CHART 4 - HISTORICAL SERIES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

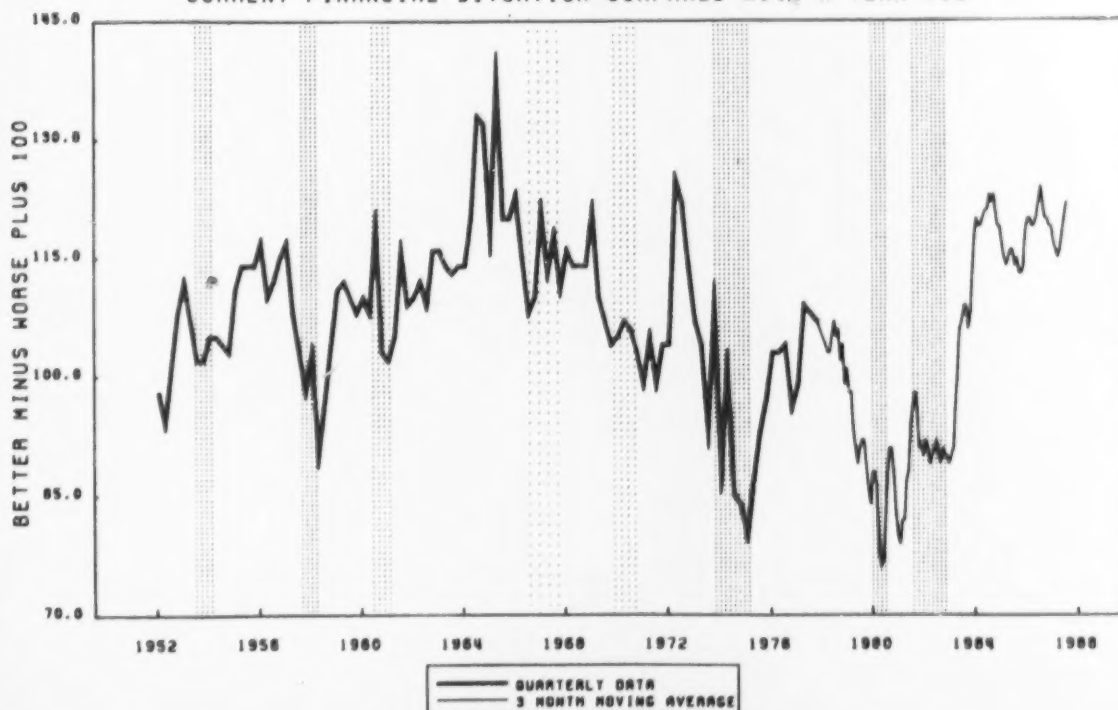


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987
BETTER OFF	46%	45%	44%	43%	43%	45%	44%	41%	42%	43%	44%	45%	45%
SAME	28	30	32	35	30	29	27	32	32	31	32	32	32
WORSE OFF	25	25	24	22	27	25	29	27	26	26	24	22	23
DK,NA	1	*	*	*	*	1	*	*	*	*	*	1	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	659	651	656	653	655	657	652	652	651	654	651	654

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

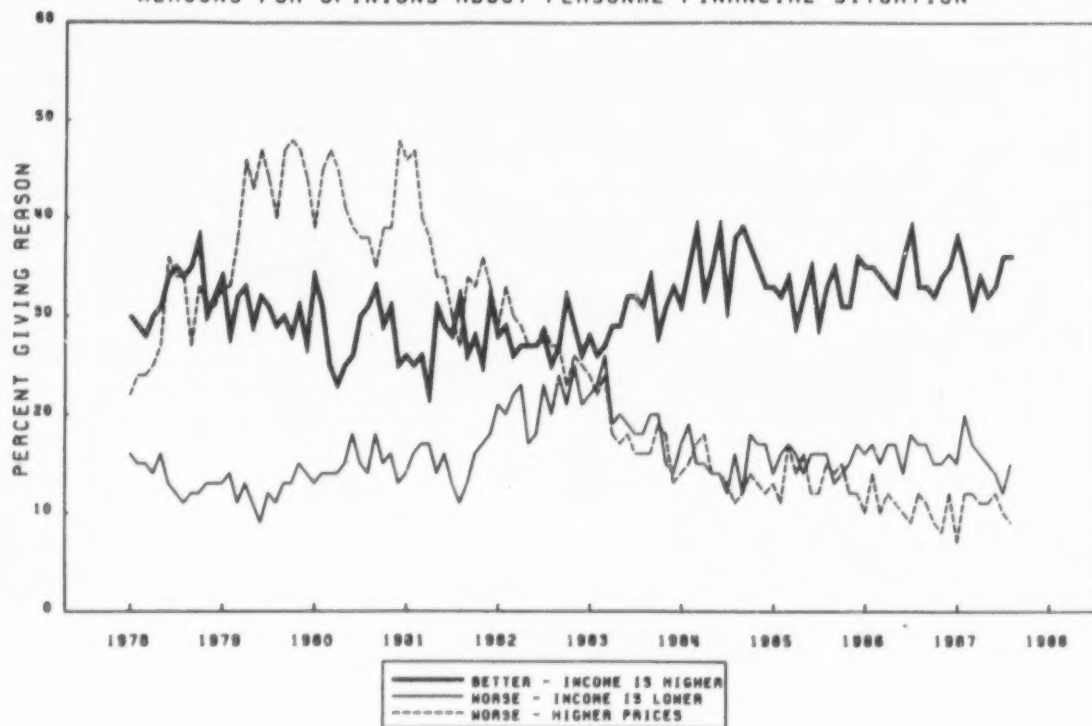


CHART 5 - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

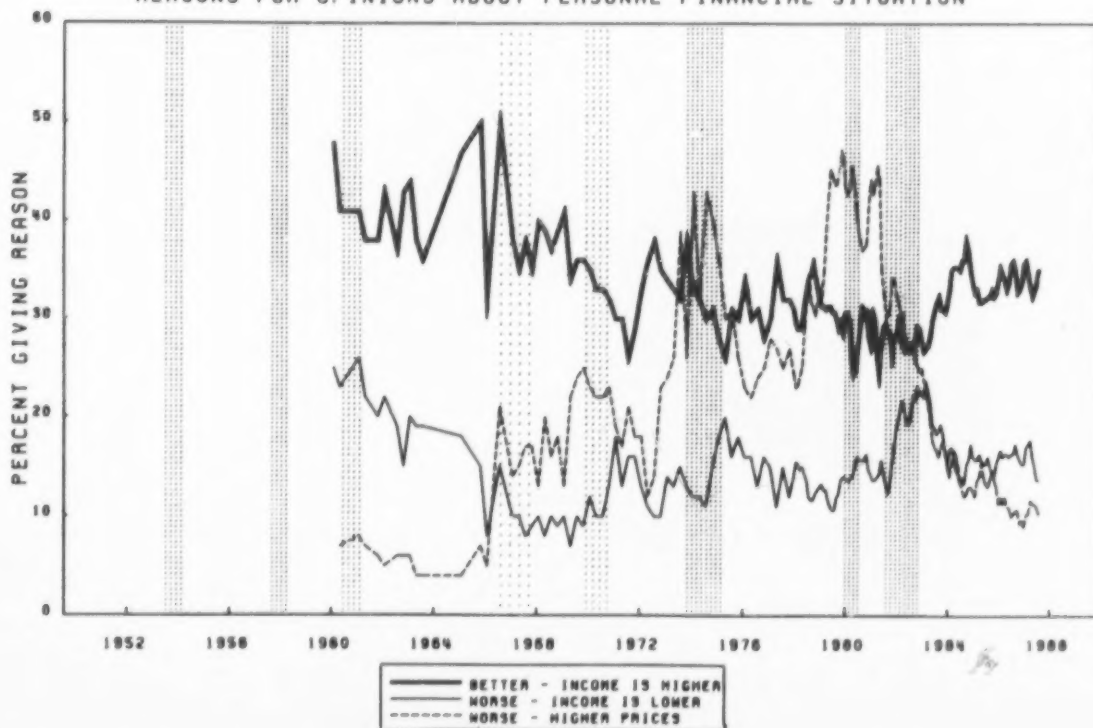


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987
BETTER OFF THAN YEAR AGO:													
Income is higher	33%	33%	32%	34%	35%	38%	35%	31%	34%	32%	33%	36%	36%
WORSE OFF THAN YEAR AGO:													
Income is lower	17	17	15	15	16	15	20	17	16	15	14	12	15
Higher prices	12	11	9	8	12	7	12	12	11	11	12	10	9

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES
EXPECTED CHANGE IN FINANCIAL SITUATION

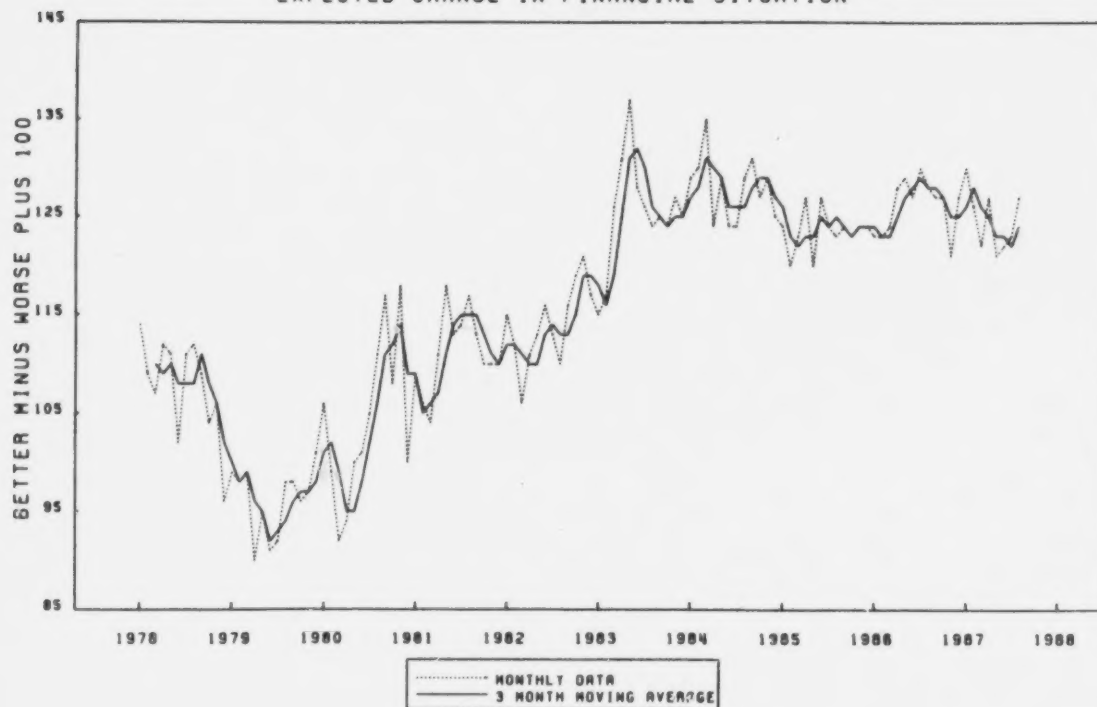


CHART 6 - HISTORICAL SERIES
EXPECTED CHANGE IN FINANCIAL SITUATION

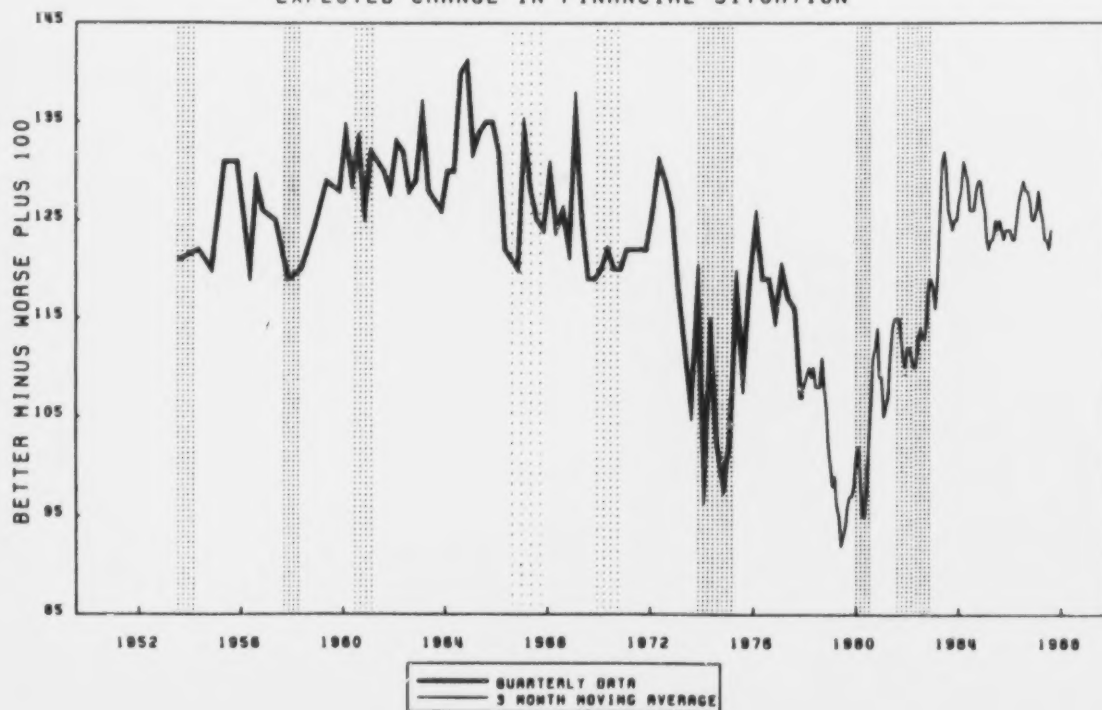


TABLE 6
EXPECTED CHANGE IN FINANCIAL SITUATION

	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987
BETTER OFF	39%	38%	37%	33%	36%	39%	38%	33%	37%	32%	33%	34%	39%
SAME	48	47	51	52	52	48	48	53	49	54	53	52	46
WORSE OFF	11	11	10	12	9	9	12	11	10	11	11	11	12
DK,NA	2	4	2	3	3	4	2	3	4	3	3	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	659	651	656	653	655	657	652	652	651	654	651	654

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION

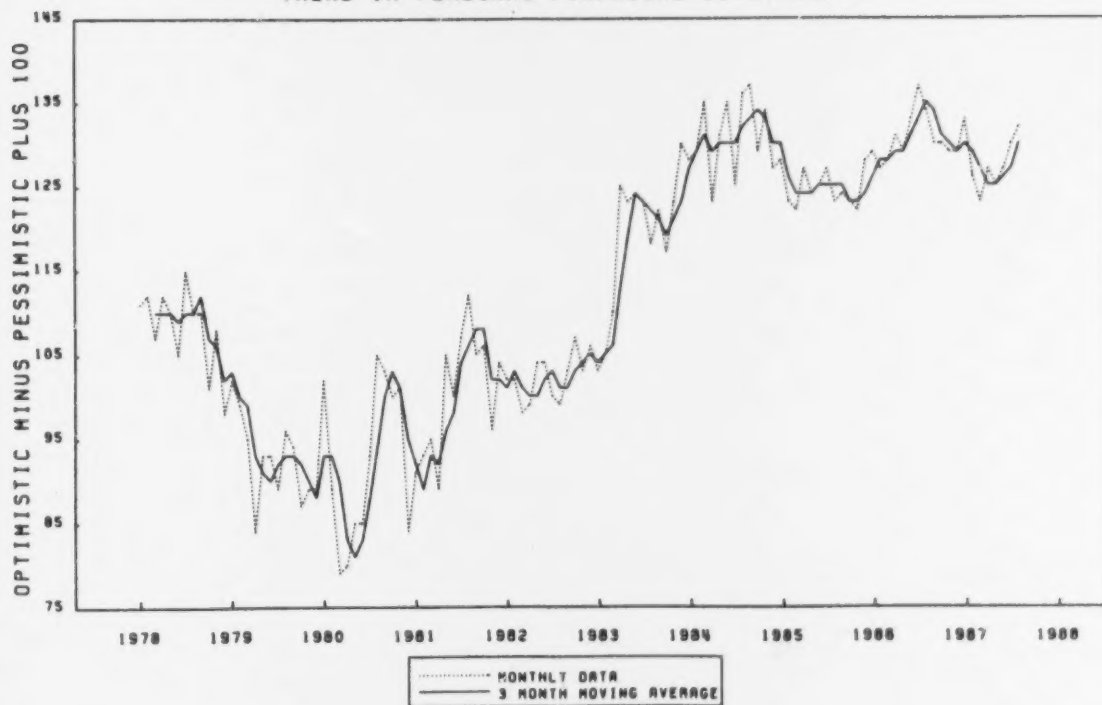


CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION

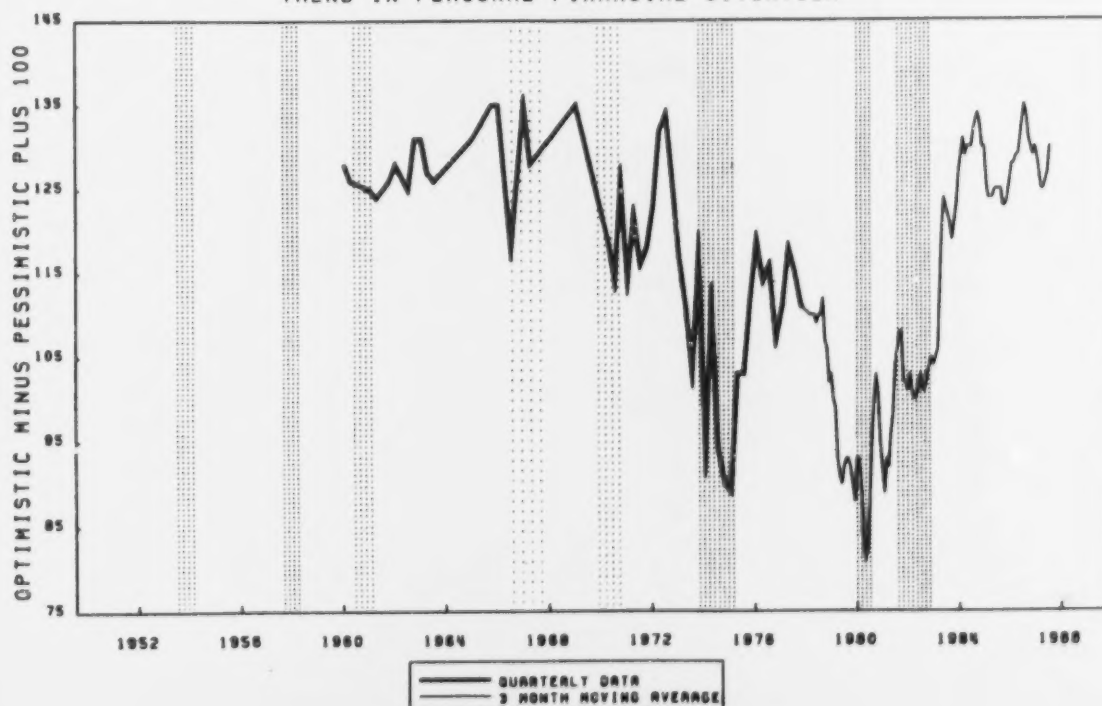


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	21%	21%	22%	18%	18%	22%	22%	19%	19%	17%	18%	19%	23%
Intermittant increase (b)	32	29	27	29	29	28	27	25	28	28	31	29	29
Remain unchanged (c)	15	16	19	22	19	17	15	22	17	20	17	20	16
Intermittant decline (d)	13	15	16	13	14	14	17	16	17	16	17	14	16
Continuous decline (e)	6	5	3	5	4	3	6	5	3	4	5	4	4
Mixed change (f)	11	10	11	10	13	12	11	10	12	12	8	10	9
DK,NA	2	4	2	3	3	4	2	3	4	3	4	4	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	659	651	656	653	655	657	652	652	651	654	651	654

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
 (b) Better/Same or Same/Better
 (c) Same/Same
 (d) Worse/Same or Same/Worse
 (e) Worse/Worse
 (f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

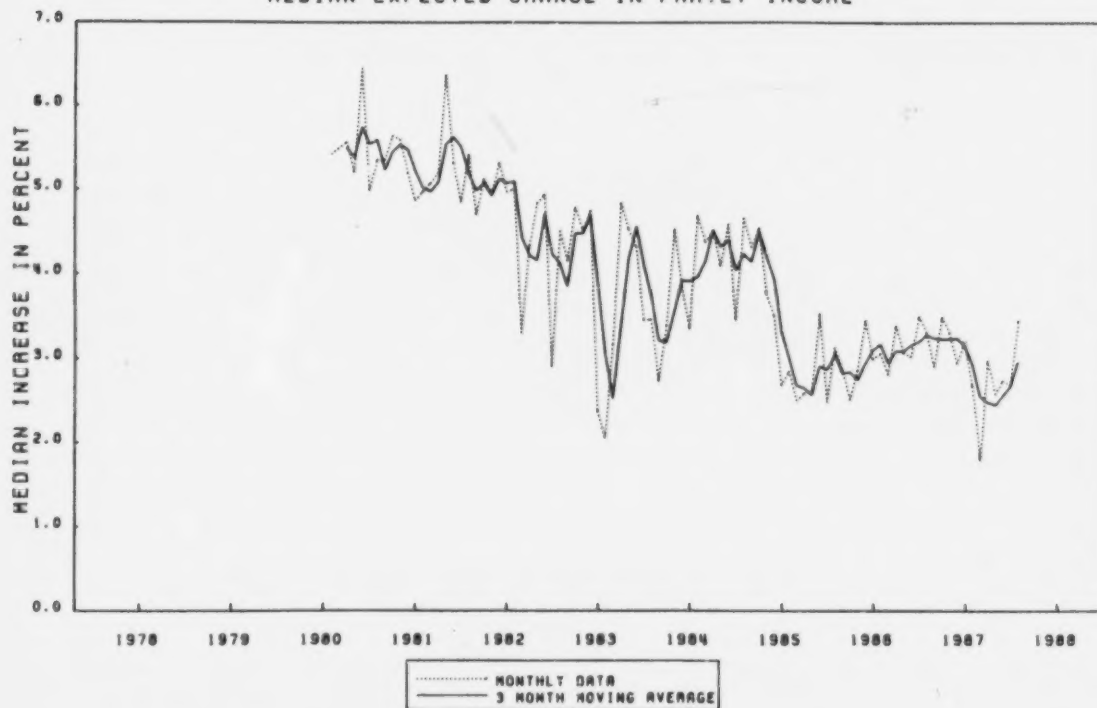


CHART 8 - HISTORICAL SERIES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

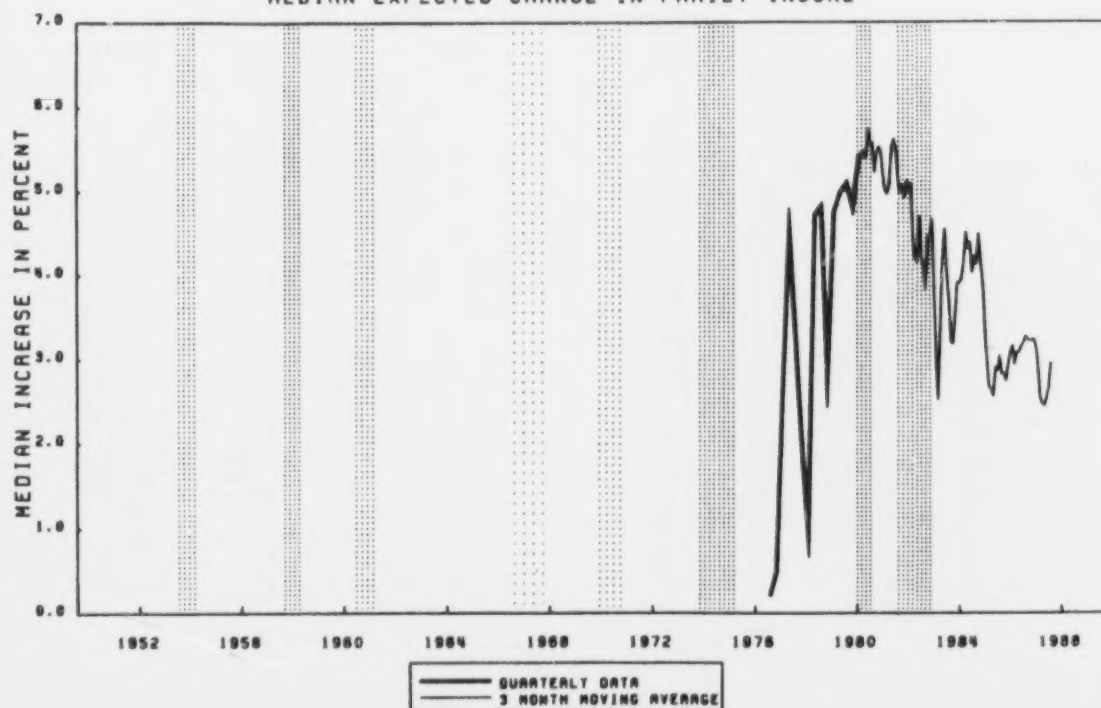


TABLE 8
EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987
EXPECT INCREASE:													
1-4%	16%	16%	14%	17%	18%	16%	15%	17%	15%	18%	21%	18%	17%
5%	11	15	12	13	12	11	12	11	9	9	9	9	12
6-9%	7	7	6	9	8	8	5	7	8	8	10	7	6
10-24%	14	15	19	15	14	17	15	11	19	14	13	16	17
25% or more	9	4	7	6	6	6	6	5	5	6	5	6	8
DK how much up	5	3	3	4	4	4	6	6	4	3	4	4	4
EXPECT SAME	24	26	26	23	26	25	27	28	27	26	26	27	23
EXPECT DOWN	13	13	12	12	12	12	14	15	13	15	12	13	11
DK, NA	1	1	1	1	*	1	*	*	*	1	*	*	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	659	651	656	653	655	657	652	652	651	654	651	654

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

* : Less than half of one percent.

CHART 9 - RECENT CHANGES
INCOME OR PRICES UP MORE NEXT YEAR

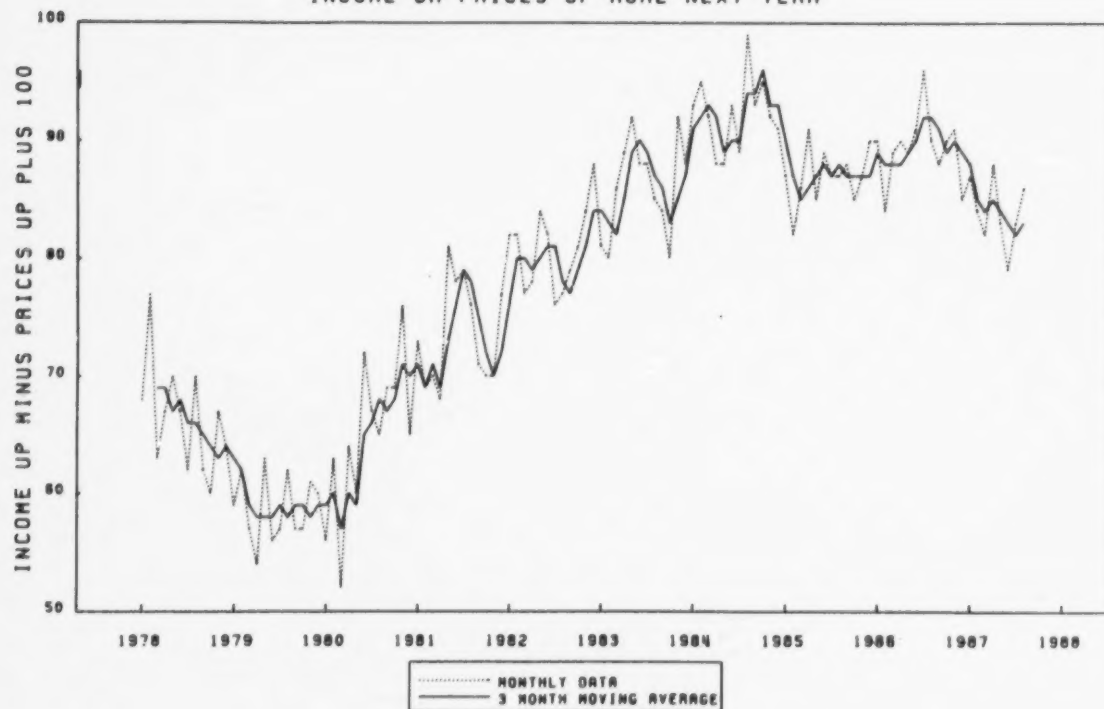


CHART 9 - HISTORICAL SERIES
INCOME OR PRICES UP MORE NEXT YEAR

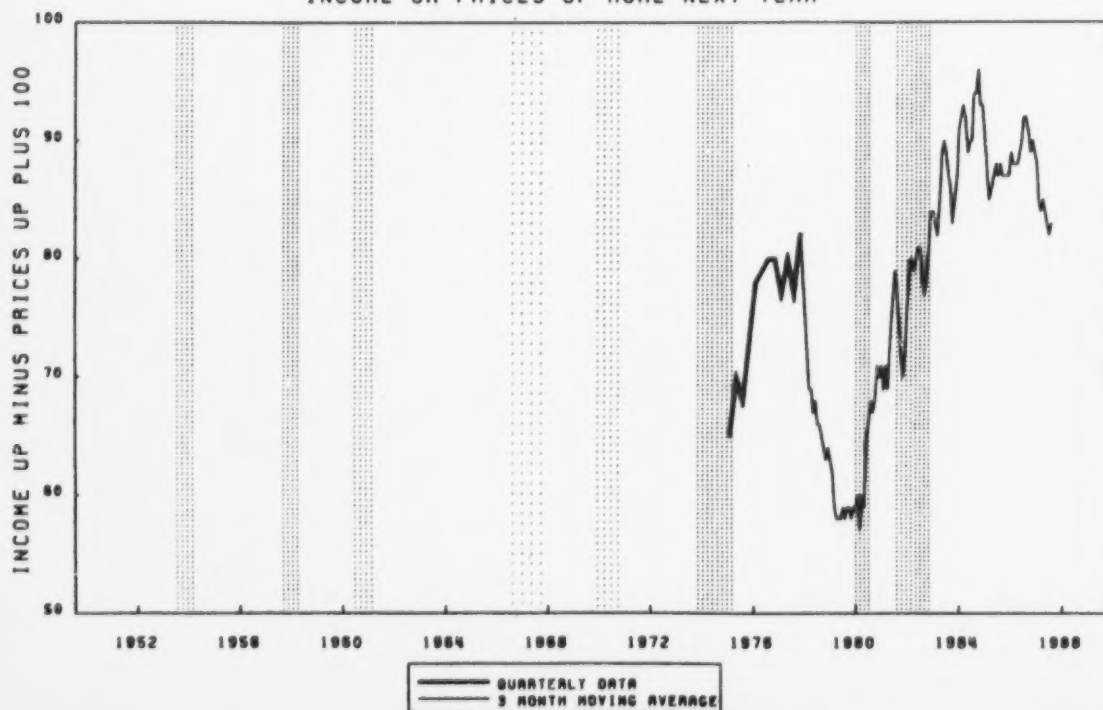


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987
INCOME UP MORE	22%	20%	22%	21%	19%	22%	20%	18%	21%	17%	17%	17%	21%
INCOME UP SAME	44	47	45	47	45	41	42	44	44	48	44	47	42
PRICES UP MORE	32	32	32	30	34	35	36	36	33	34	38	34	35
DK,NA	2	1	1	2	2	2	2	2	2	1	1	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	659	651	656	653	655	657	652	652	651	654	651	654

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

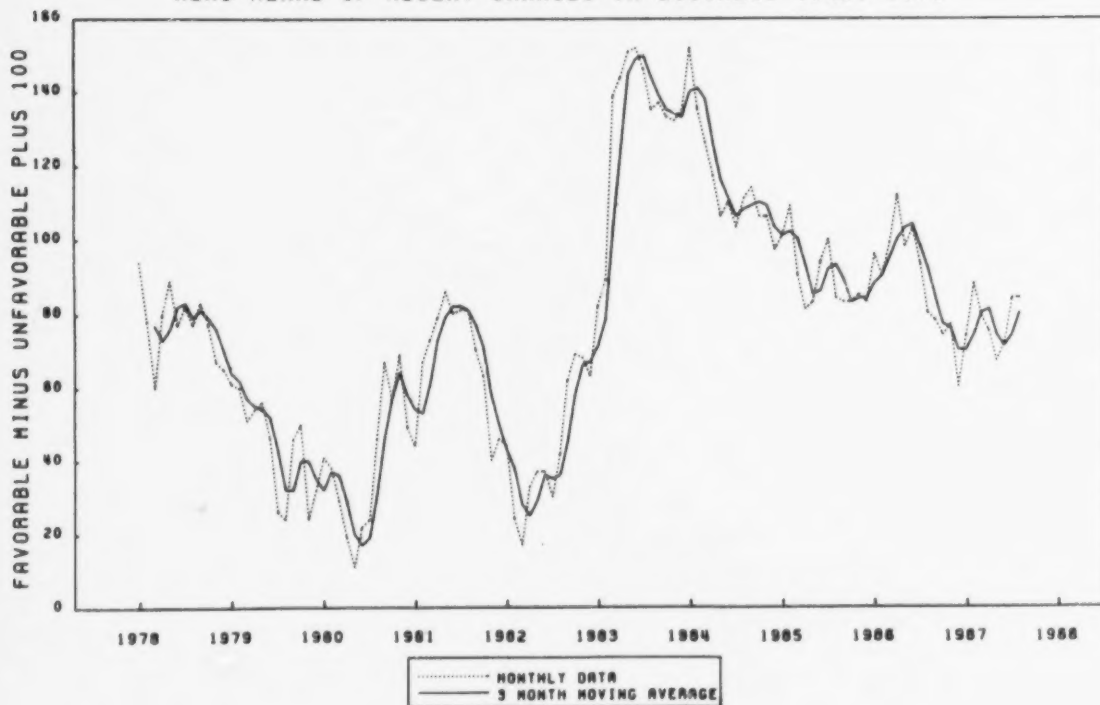


CHART 10 - HISTORICAL SERIES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

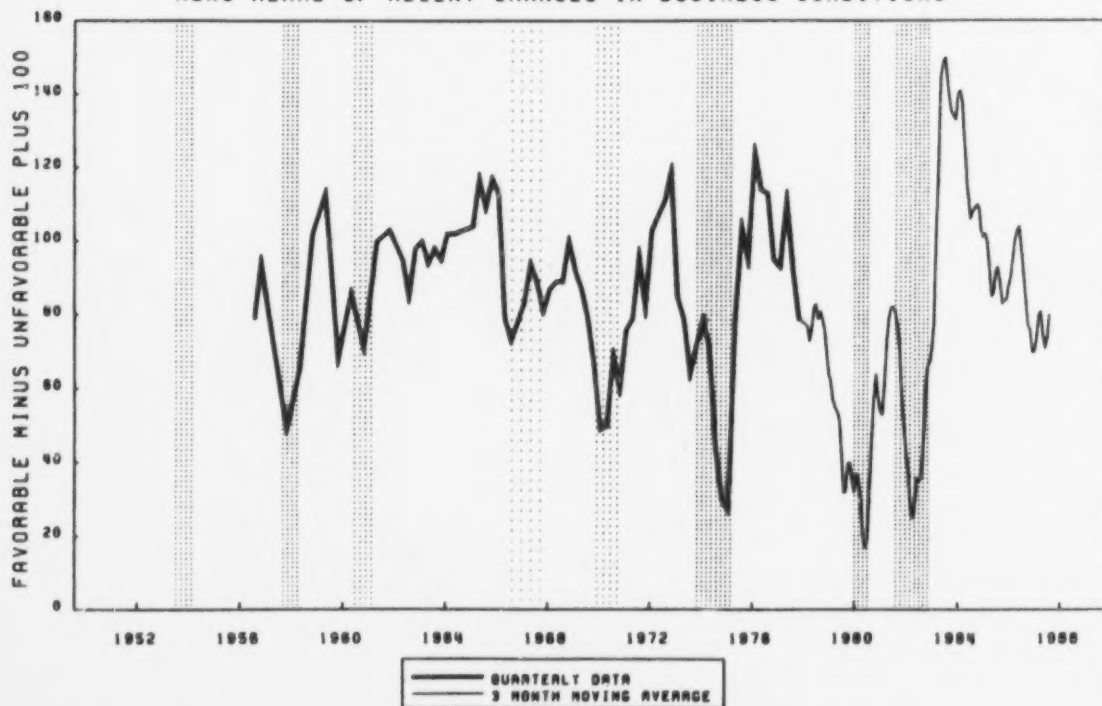


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987
FAVORABLE NEWS	33%	29%	26%	30%	22%	26%	36%	27%	27%	26%	29%	29%	32%
UNFAVORABLE NEWS	53	51	52	53	62	52	48	48	52	59	57	45	48
NO MENTIONS	44	49	48	47	44	44	45	49	46	44	42	50	47

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

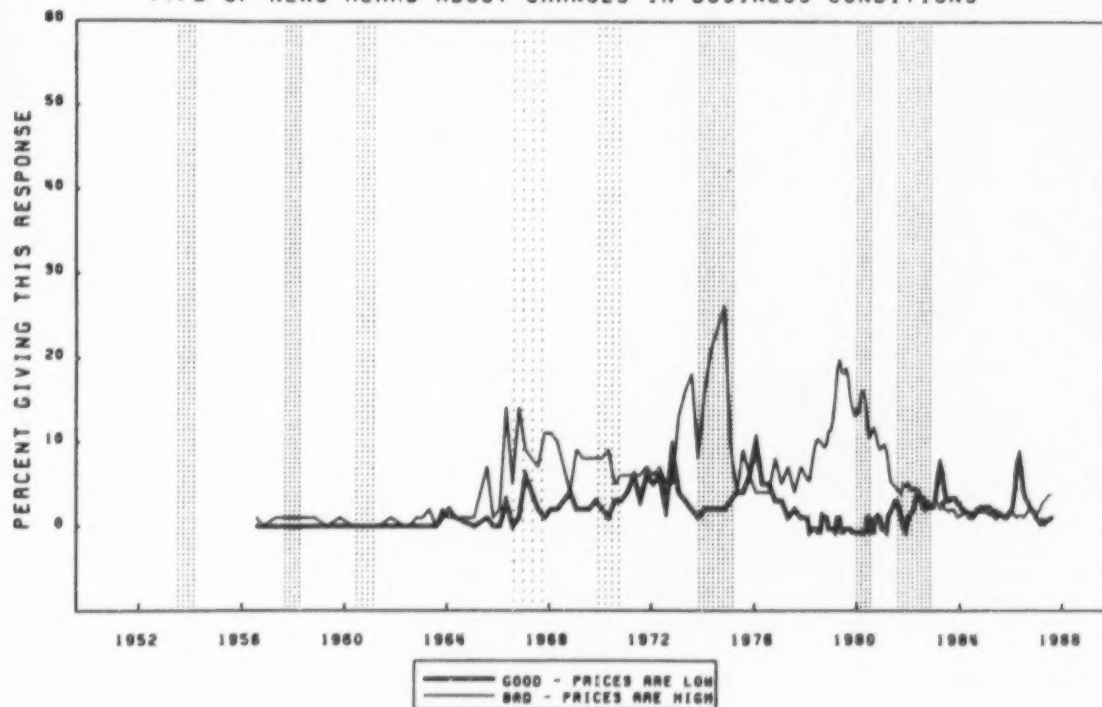


CHART 11B - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

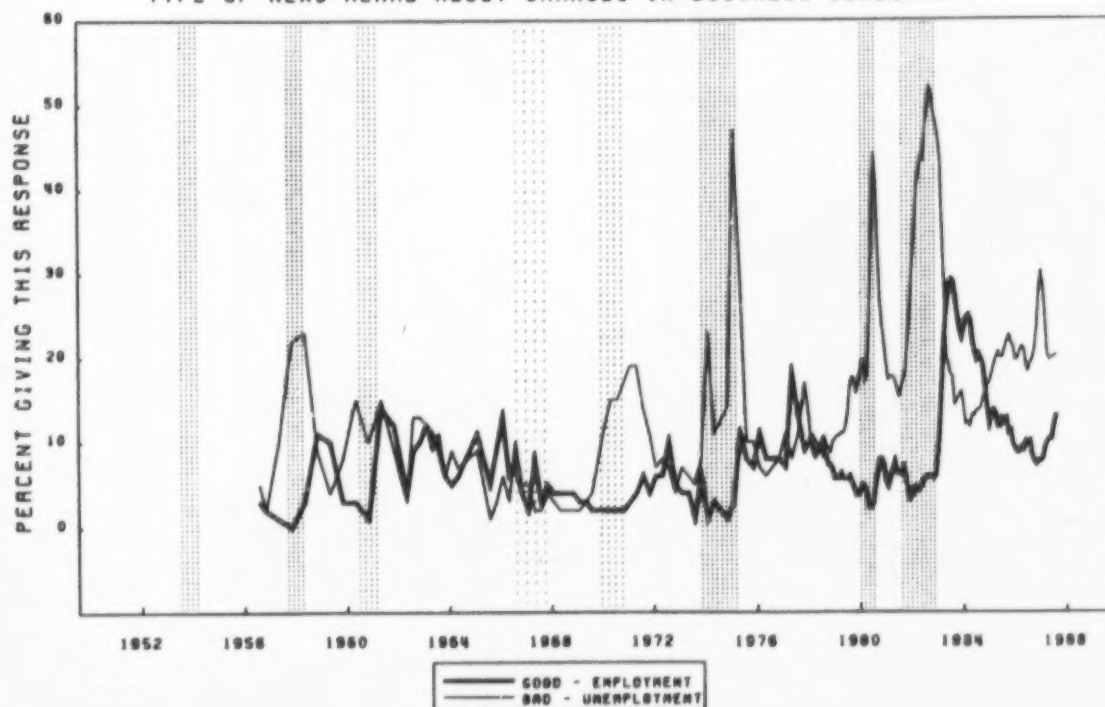


TABLE 11
SELECTED ITEMS OF
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987
FAVORABLE NEWS:													
Government; elections	2%	2%	1%	3%	1%	2%	2%	2%	3%	1%	2%	2%	3%
Employment	10	6	7	9	7	7	10	11	9	11	11	13	15
Higher consumer demand	3	2	3	2	2	3	3	1	1	1	2	*	1
Lower prices	3	2	2	2	1	*	1	*	1	*	1	1	1
Easier credit	7	11	8	5	5	5	6	4	2	3	3	2	1
UNFAVORABLE NEWS:													
Government; elections	5	6	8	6	8	9	5	7	7	7	7	5	5
Unemployment	21	19	23	29	33	29	23	20	18	21	21	18	22
Lower consumer demand	2	1	2	2	4	2	3	2	2	2	3	3	2
Higher prices	3	2	2	1	2	1	2	3	3	3	4	4	3
Tighter credit	1	1	*	1	1	1	1	1	4	6	7	4	2
Energy crisis	*	*	*	*	*	*	*	*	*	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

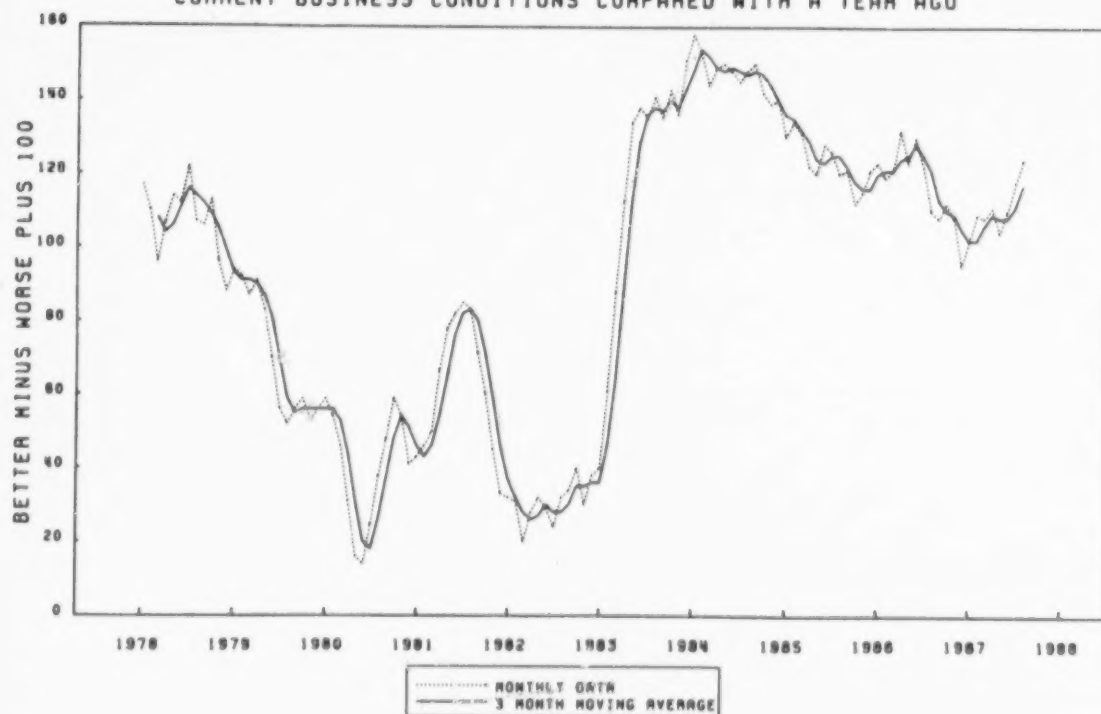


CHART 12 - HISTORICAL SERIES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

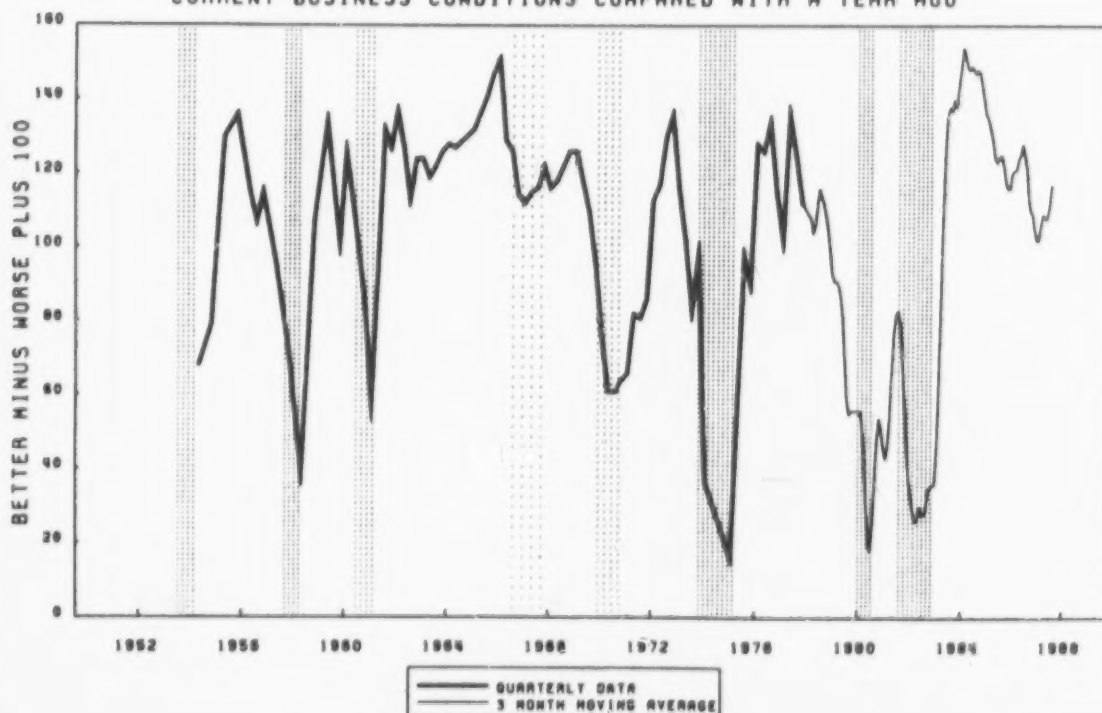


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987
BETTER NOW	47%	47%	47%	45%	40%	43%	47%	45%	46%	43%	46%	50%	54%
SAME	14	13	15	16	13	14	14	17	17	16	16	16	14
WORSE NOW	37	39	35	37	45	41	38	37	35	39	36	32	30
DK,NA	2	1	3	2	2	2	1	1	2	2	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	659	651	656	653	655	657	652	652	651	654	651	654

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

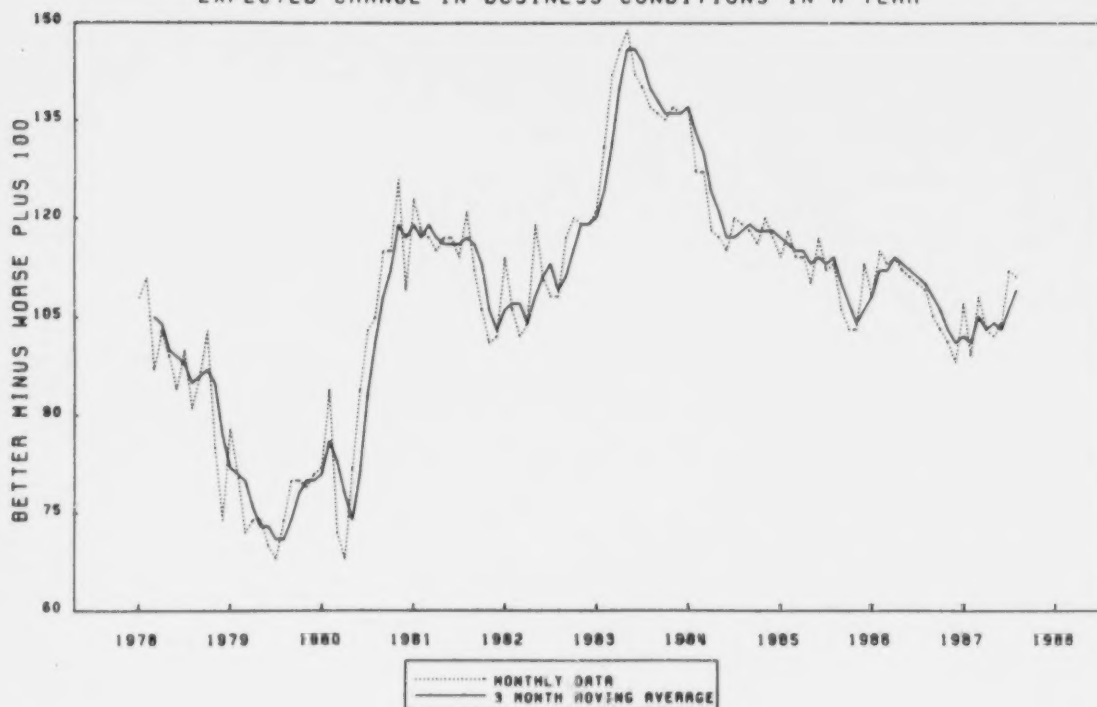


CHART 13 - HISTORICAL SERIES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

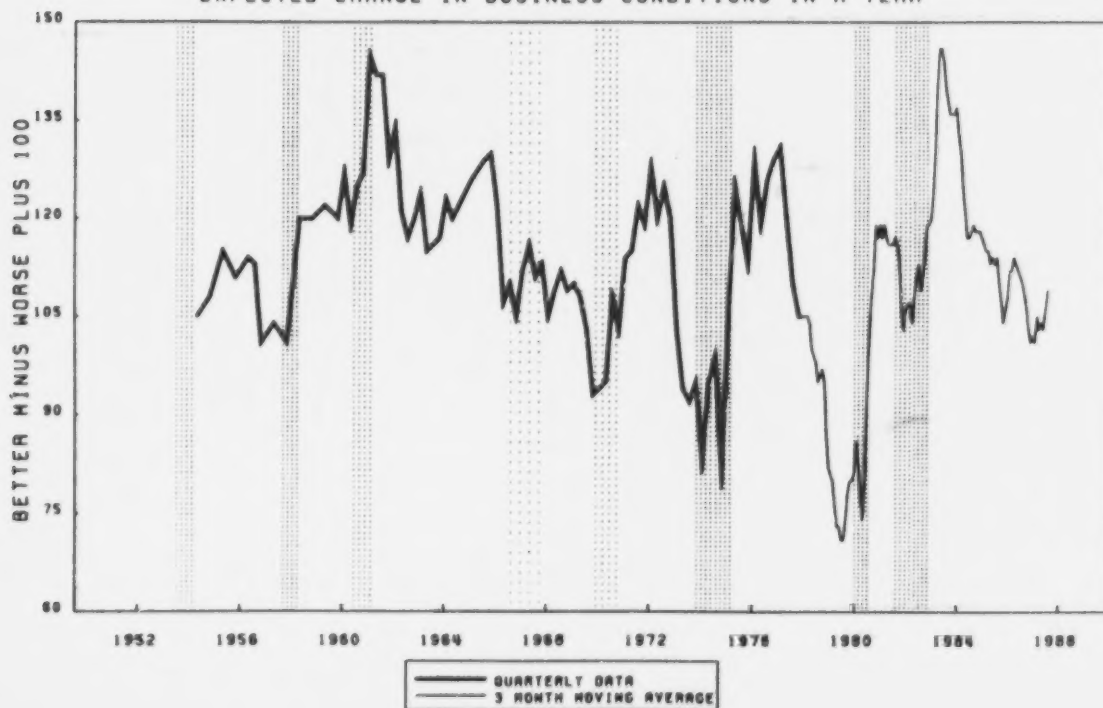


TABLE 13
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987
BETTER	26%	23%	21%	20%	20%	24%	22%	22%	21%	22%	23%	26%	25%
SAME	56	55	59	59	56	58	54	61	60	57	57	56	57
WORSE	17	18	18	19	22	17	23	14	18	20	19	14	14
DK,NA	1	4	2	2	2	1	1	3	1	1	1	4	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	659	651	656	653	655	657	652	652	651	654	651	654

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

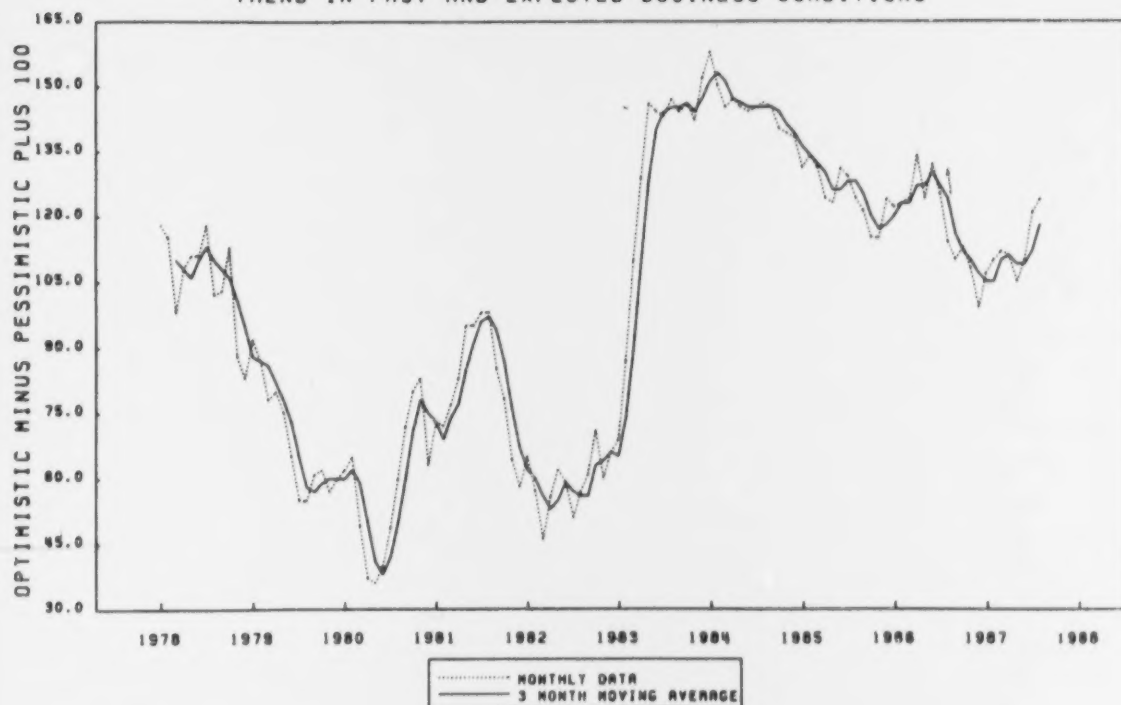


CHART 14 - HISTORICAL SERIES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

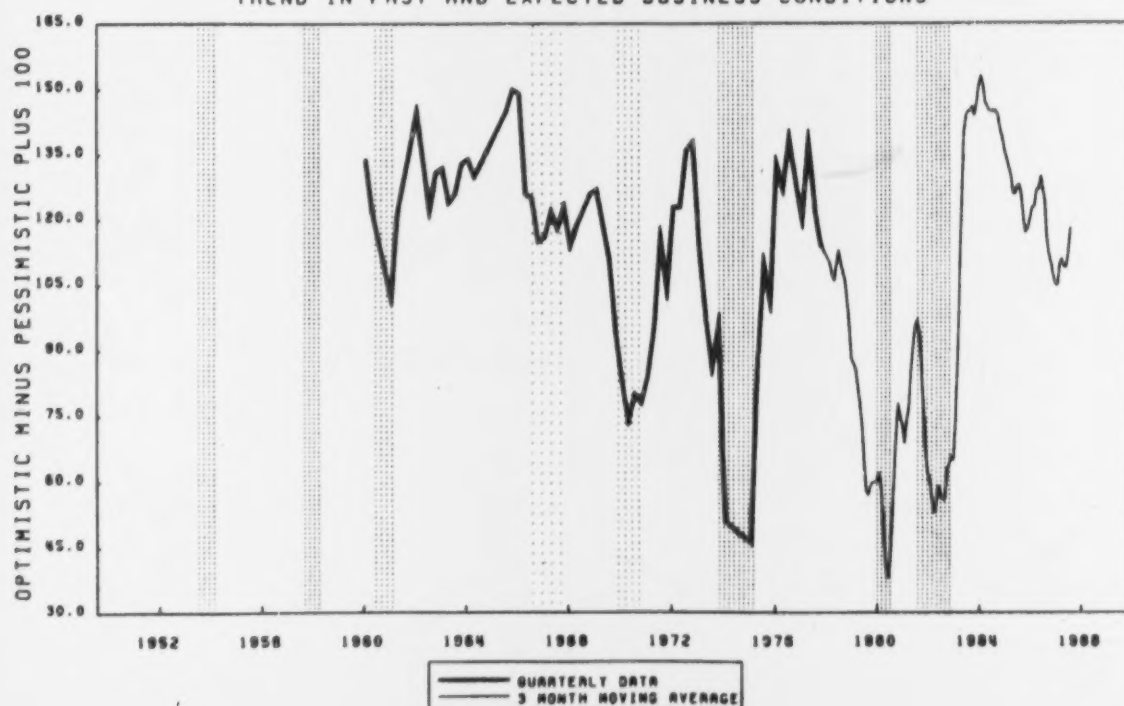


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987
TREND:													
Continuous increase (a)	17%	15%	13%	12%	12%	15%	14%	13%	13%	12%	14%	17%	19%
Intermittant increase (b)	29	29	31	30	27	27	32	32	30	28	28	33	33
Remain unchanged (c)	10	8	10	10	10	10	7	11	11	10	11	9	9
Intermittant decline (d)	20	22	21	23	23	24	21	23	22	24	21	19	20
Continuous decline (e)	12	12	10	11	17	11	15	10	10	11	11	10	8
Mixed change (f)	9	10	11	11	7	10	9	7	10	12	12	7	6
DK, NA	3	4	4	3	4	3	2	4	4	3	3	5	5
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	659	651	656	653	655	657	652	652	651	654	651	654

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
 (b) Better/Same or Same/Better
 (c) Same/Same
 (d) Worse/Same or Same/Worse
 (e) Worse/Worse
 (f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS



CHART 15 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

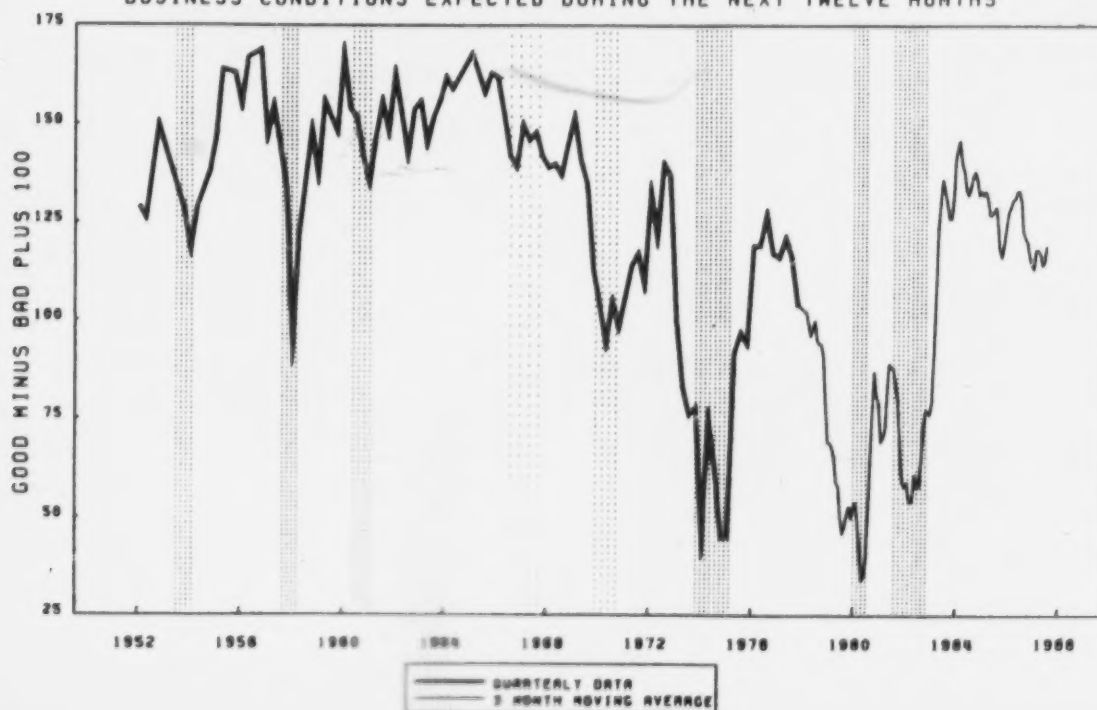


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987
GOOD TIMES	55%	50%	55%	53%	45%	53%	53%	55%	51%	51%	50%	51%	55%
UNCERTAIN; GOOD & BAD	4	3	3	3	2	3	1	2	2	1	2	2	3
BAD TIMES	32	35	31	33	41	36	36	34	35	37	37	33	30
DON'T KNOW	5	8	4	5	5	4	5	5	8	5	5	7	7
NOT ASCERTAINED	4	4	7	6	7	4	5	4	4	6	6	7	5
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	659	651	656	653	655	657	652	652	651	654	651	654

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS



CHART 16 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

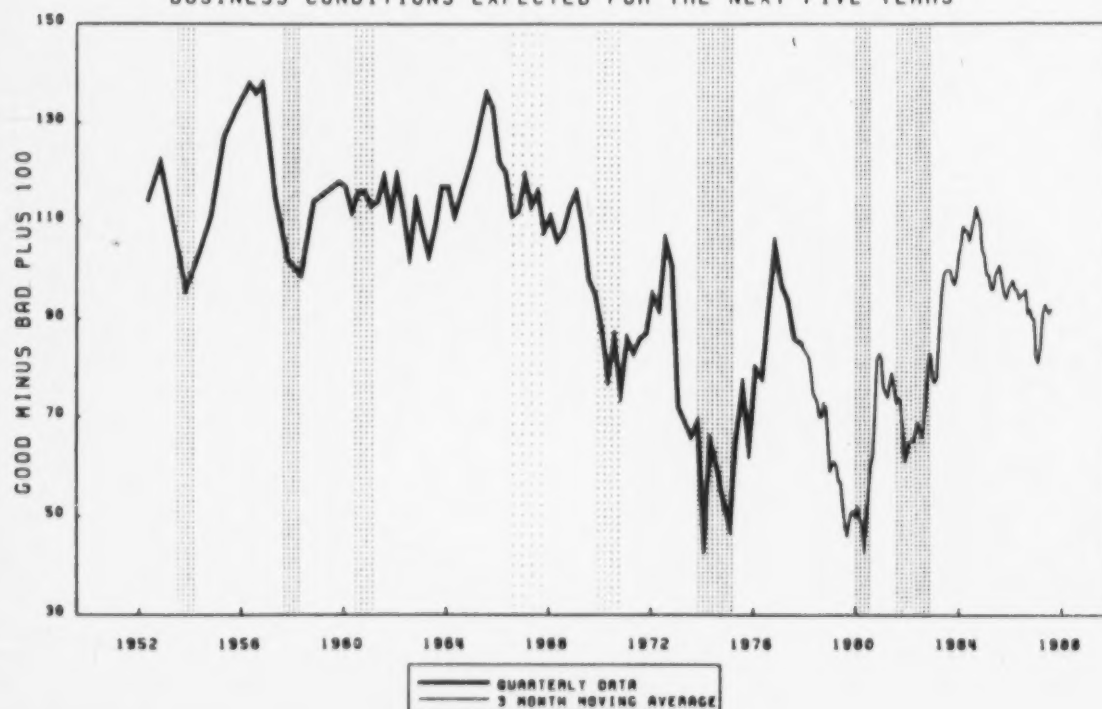


TABLE 16
BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987
GOOD TIMES	39%	33%	41%	35%	33%	30%	34%	39%	41%	36%	37%	36%	36%
UNCERTAIN; GOOD & BAD	10	11	13	14	13	13	12	10	9	13	9	15	16
BAD TIMES	45	49	42	48	50	53	50	47	44	47	48	42	43
NOT ASCERTAINED	6	7	4	3	4	4	4	4	6	4	6	7	5
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	659	651	656	653	655	657	652	652	651	654	651	654

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

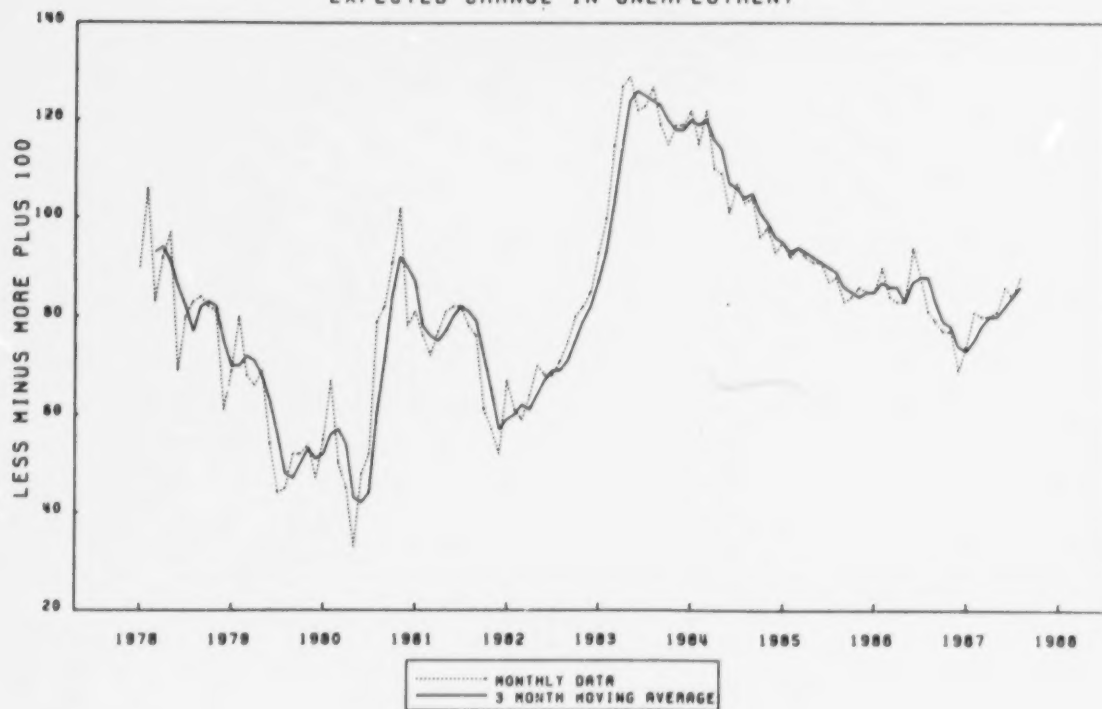


CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

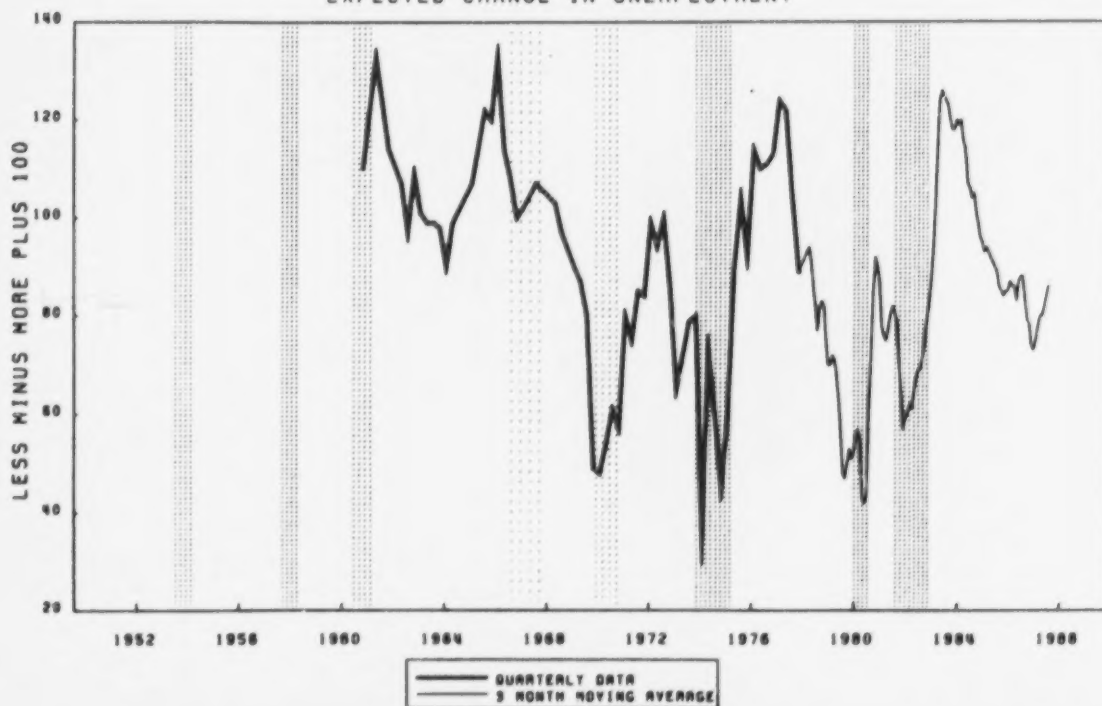


TABLE 17
EXPECTED CHANGE IN UNEMPLOYMENT

	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987
LESS	13%	11%	10%	11%	11%	12%	14%	15%	13%	13%	16%	14%	15%
SAME	54	54	55	54	46	49	52	48	52	53	52	55	56
MORE	32	32	33	34	42	38	33	35	33	32	30	30	27
DK, NA	1	3	2	1	1	1	1	2	2	2	2	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	659	651	656	653	655	657	652	652	651	654	651	654

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

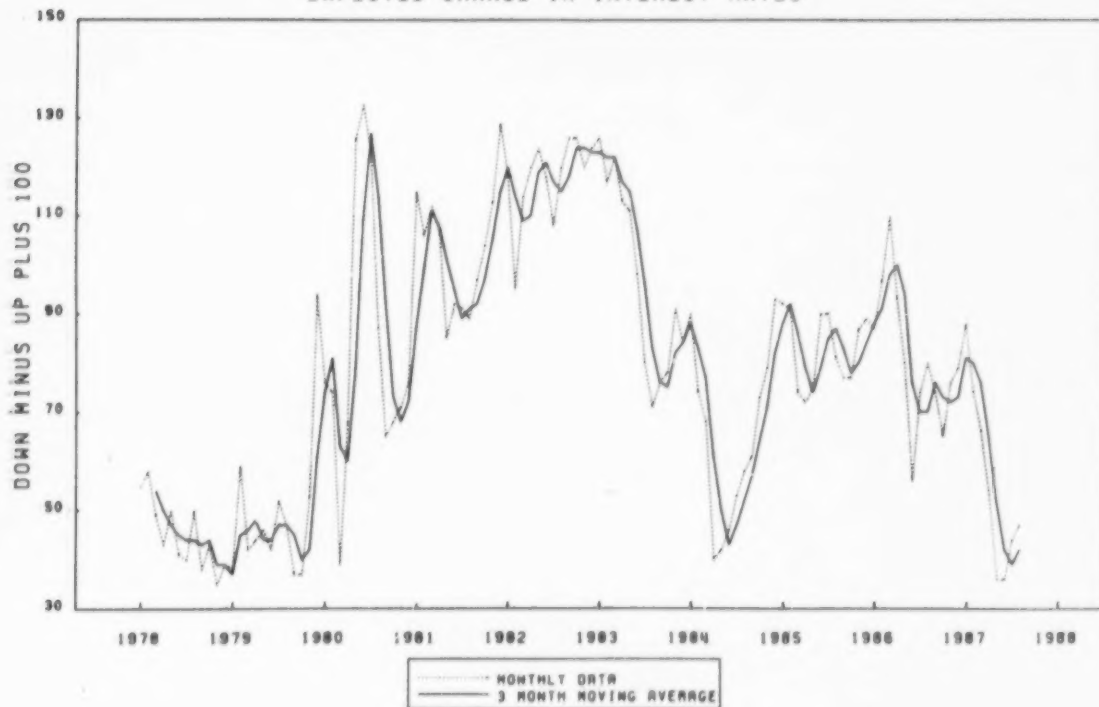


CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

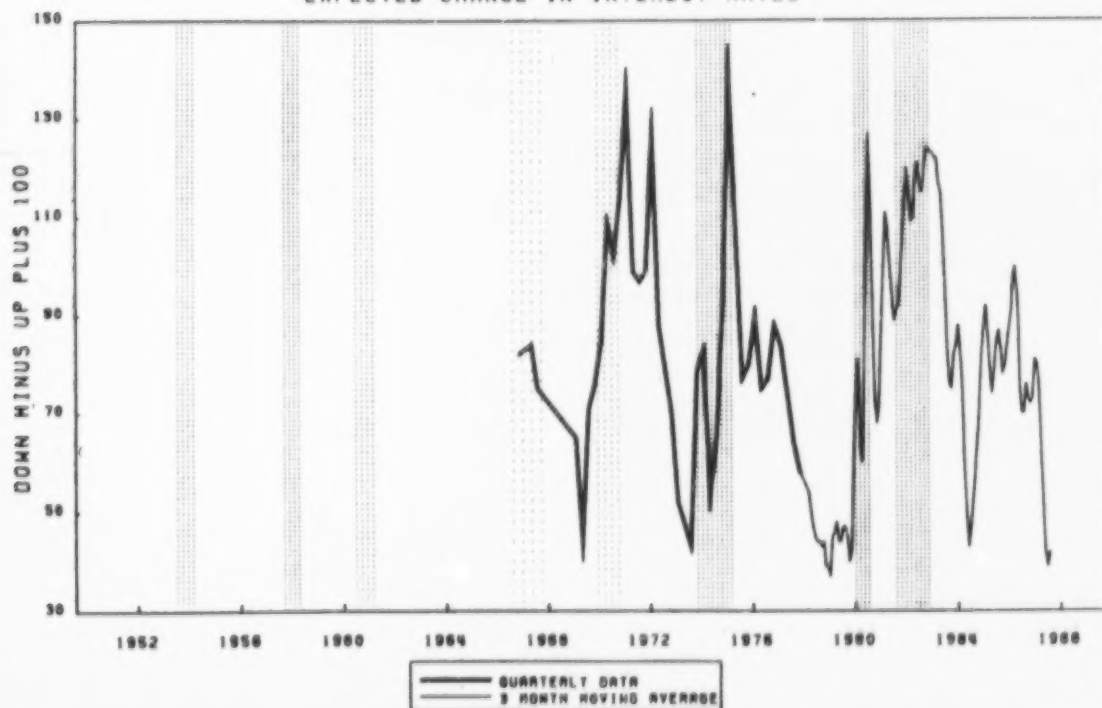


TABLE 18
EXPECTED CHANGE IN INTEREST RATES

	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987
GO UP	42%	49%	50%	43%	41%	37%	43%	49%	57%	71%	69%	64%	62%
STAY THE SAME	34	26	33	37	37	35	38	33	29	21	24	26	27
GO DOWN	22	23	15	19	20	25	17	15	11	7	5	8	9
DK, NA	2	2	2	1	2	3	2	3	3	1	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	659	651	656	653	655	657	652	652	651	654	651	654

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS



CHART 19 - HISTORICAL SERIES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

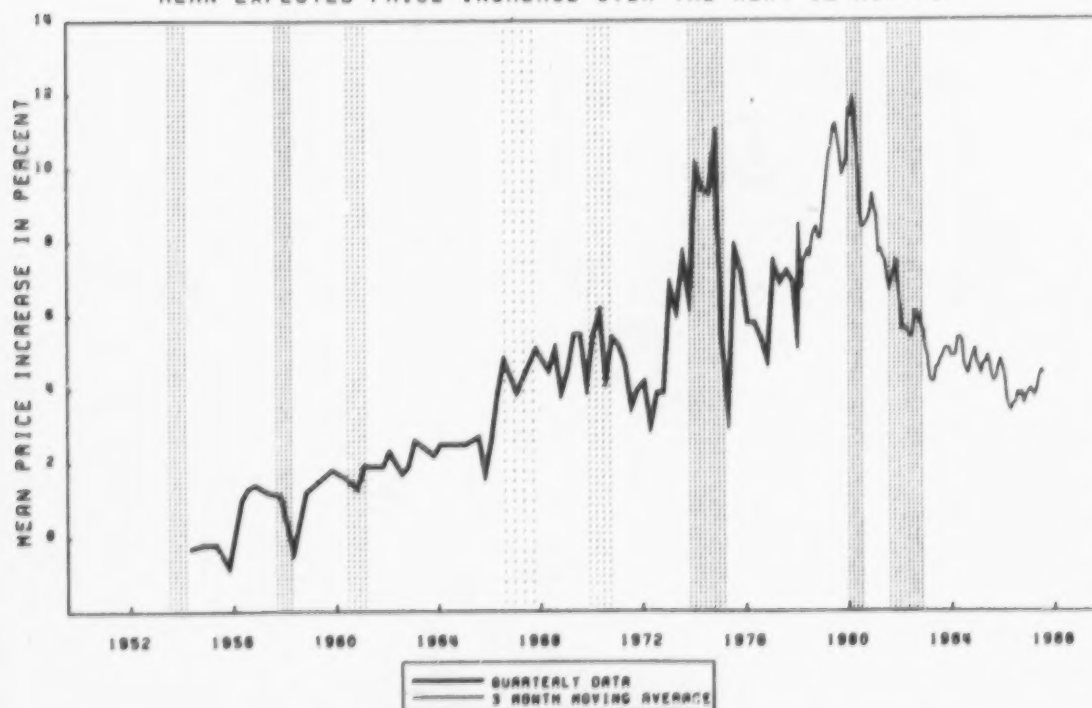


TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987
SAME OR DOWN	21%	23%	22%	22%	20%	20%	21%	21%	19%	15%	14%	17%	13%
WILL GO UP BY:													
1-2%	18	18	17	19	18	18	17	19	19	18	18	20	20
3-4%	24	23	19	25	23	24	21	21	23	23	25	23	25
5%	14	16	21	15	17	14	18	18	16	18	17	16	17
6-9%	7	5	5	6	7	6	5	6	8	10	7	7	8
10-14%	8	5	8	7	6	7	9	5	7	7	8	9	6
15% or more	4	3	2	2	4	4	4	3	2	4	4	3	4
DK how much up	4	6	5	3	4	6	5	6	6	4	6	4	6
DK, NA	*	1	1	1	1	1	*	1	*	1	1	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	4.3	3.5	3.8	3.6	4.1	3.9	4.1	3.6	3.7	4.7	4.5	4.2	4.5
VARIANCE	38	18	17	28	32	25	26	18	21	36	27	28	32
CASES	653	659	651	656	653	655	657	652	652	651	654	651	654

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 20 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

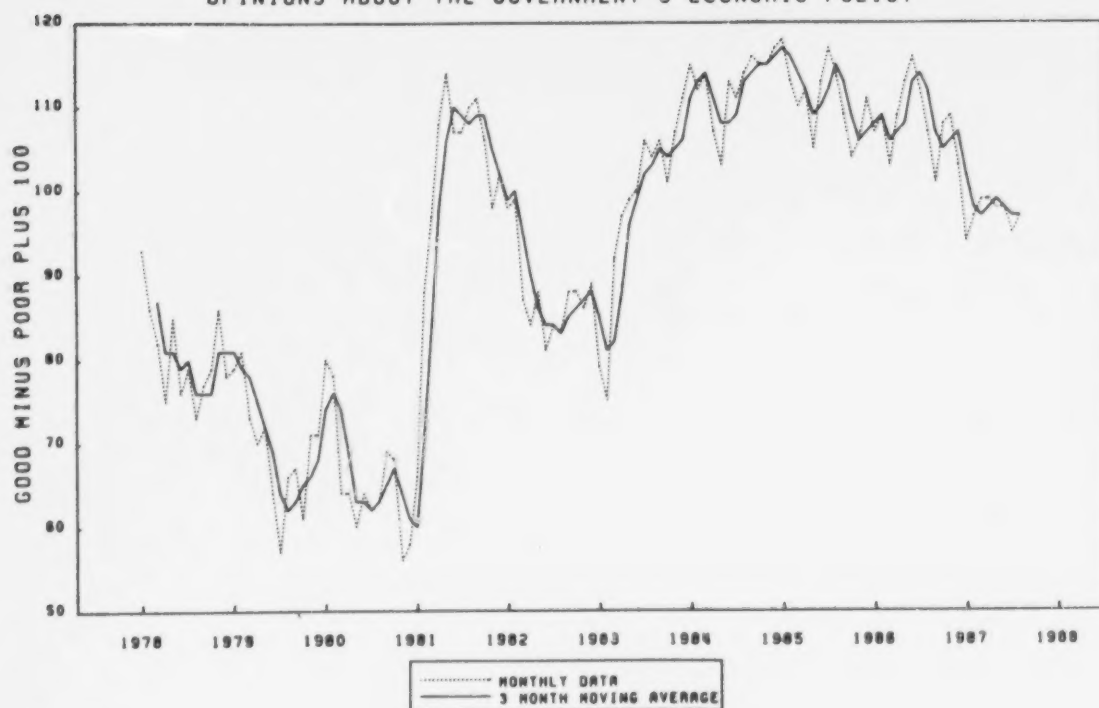


CHART 20 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

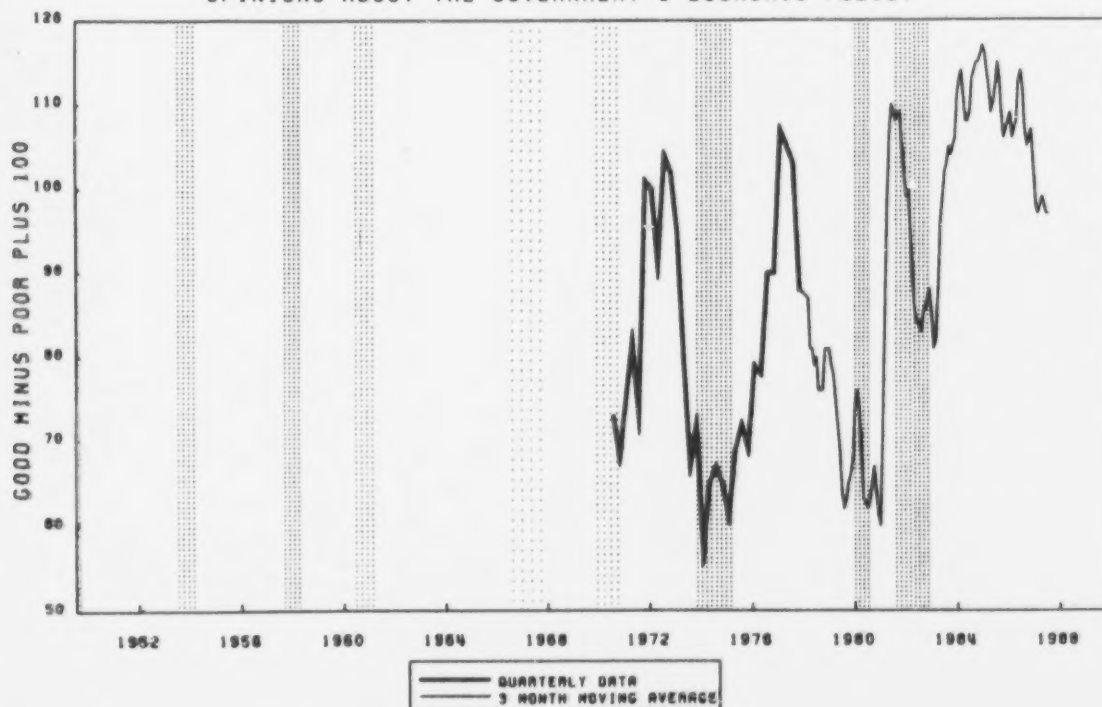


TABLE 20
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987
A GOOD JOB	28%	22%	27%	28%	26%	20%	23%	23%	21%	21%	23%	21%	23%
ONLY FAIR	50	54	52	51	49	52	49	52	55	55	49	52	48
A POOR JOB	21	21	19	19	23	26	26	24	22	23	25	26	26
DK, NA	1	3	2	2	2	2	2	1	2	1	3	1	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	659	651	656	653	655	657	652	652	651	654	651	654

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS



CHART 21 - HISTORICAL SERIES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

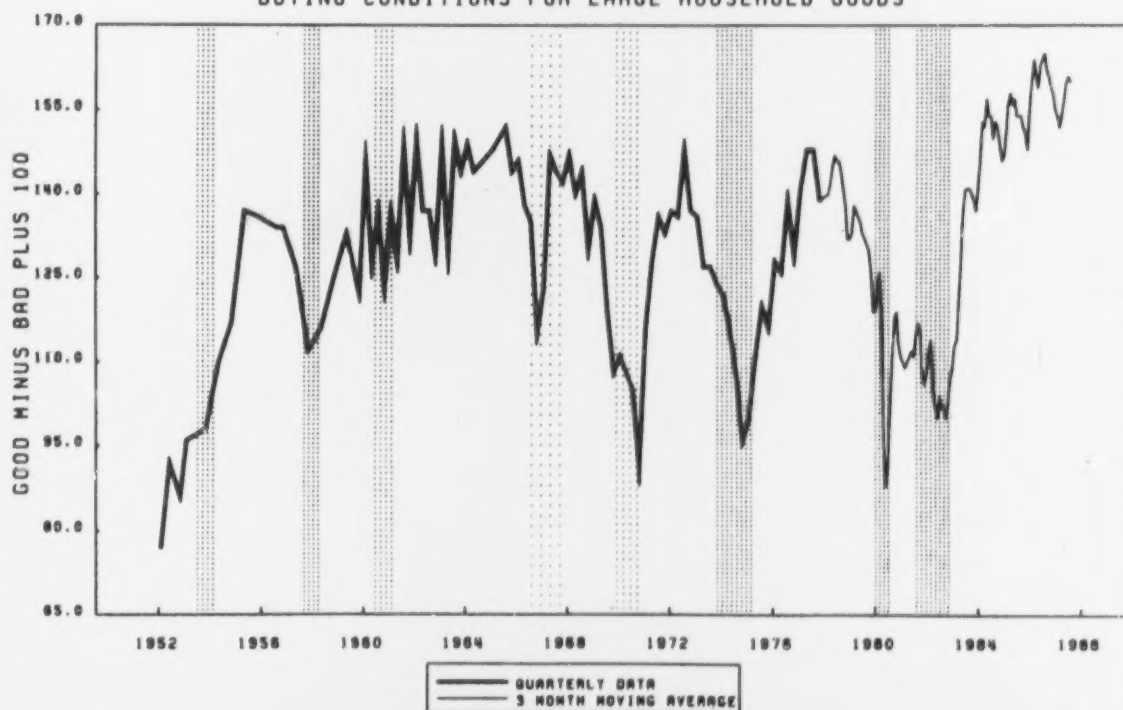


TABLE 21
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987
GOOD TIME TO BUY	77%	76%	76%	72%	75%	72%	73%	71%	74%	76%	76%	76%	74%
UNCERTAIN, DEPENDS	7	9	10	11	8	8	7	10	10	9	9	10	9
BAD TIME TO BUY	16	15	14	17	17	20	20	19	16	15	15	14	17
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	659	651	656	653	655	657	652	652	651	654	651	654

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

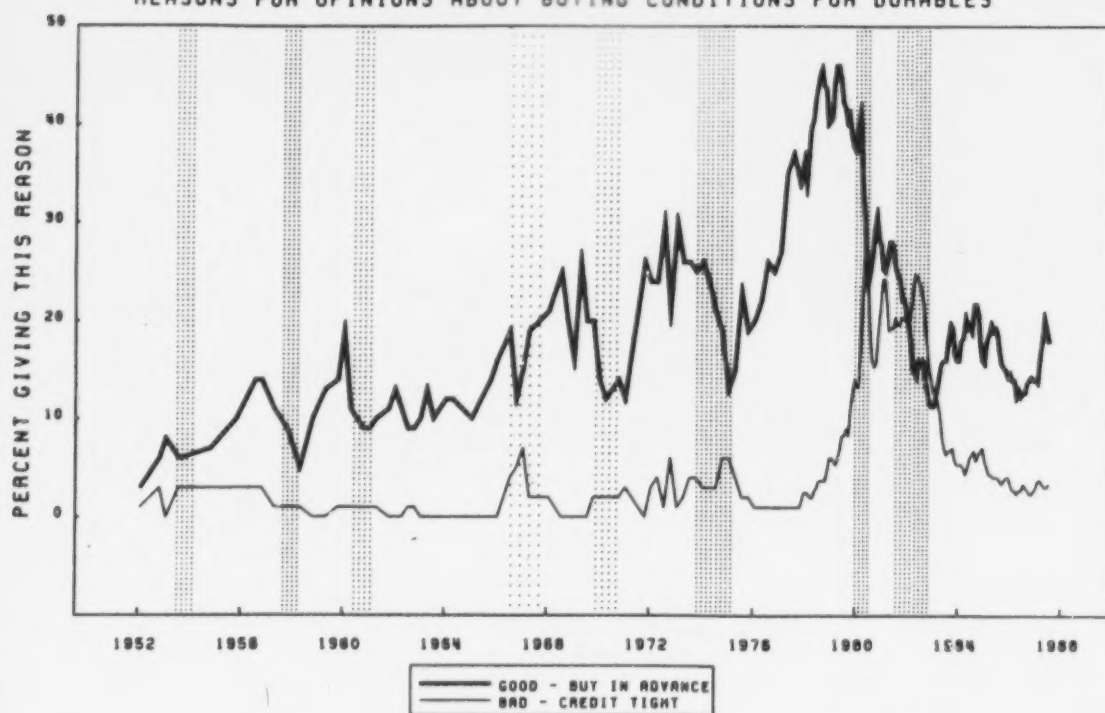


CHART 22B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

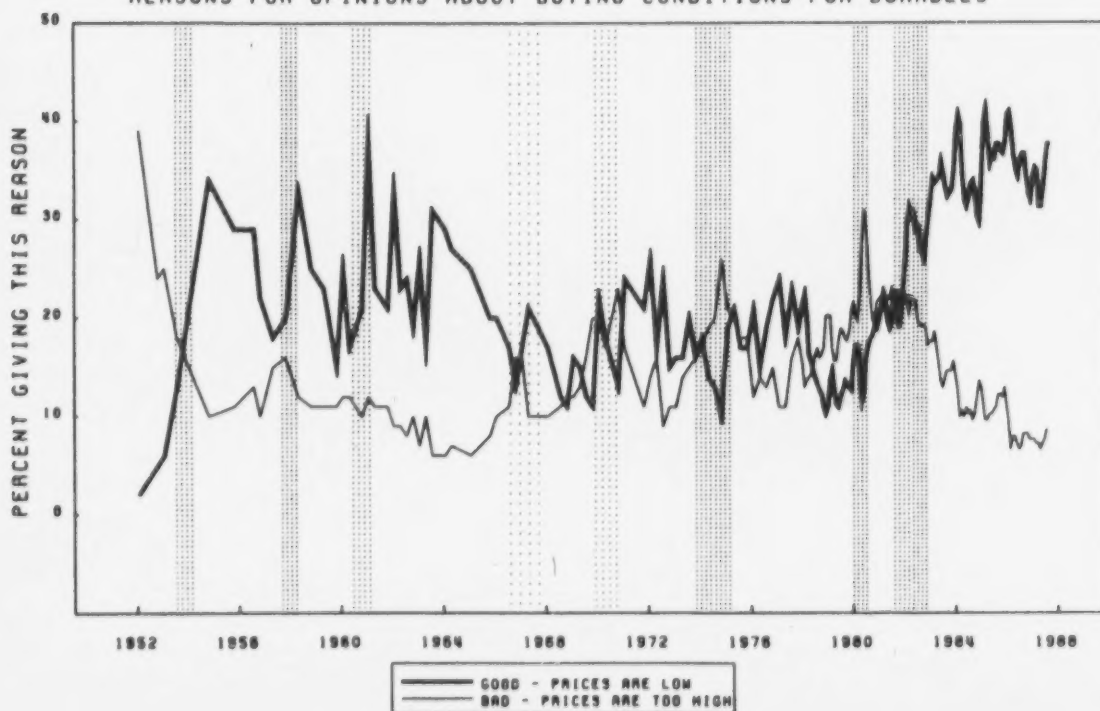


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	35%	35%	33%	30%	33%	40%	33%	32%	29%	33%	38%	37%	38%
Prices won't come down; are going higher	13	14	14	14	15	13	14	14	20	20	21	17	16
Interest rates low; credit is easy	26	29	26	25	18	20	21	23	21	19	15	13	18
BAD TIME TO BUY:													
Prices are high	8	10	7	8	8	7	8	7	7	6	9	8	9
Interest rates are high; credit is tight	4	2	2	3	2	3	4	4	3	3	3	3	4
Lack of purchasing power	7	8	7	8	6	8	7	8	5	4	6	5	6

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES



CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

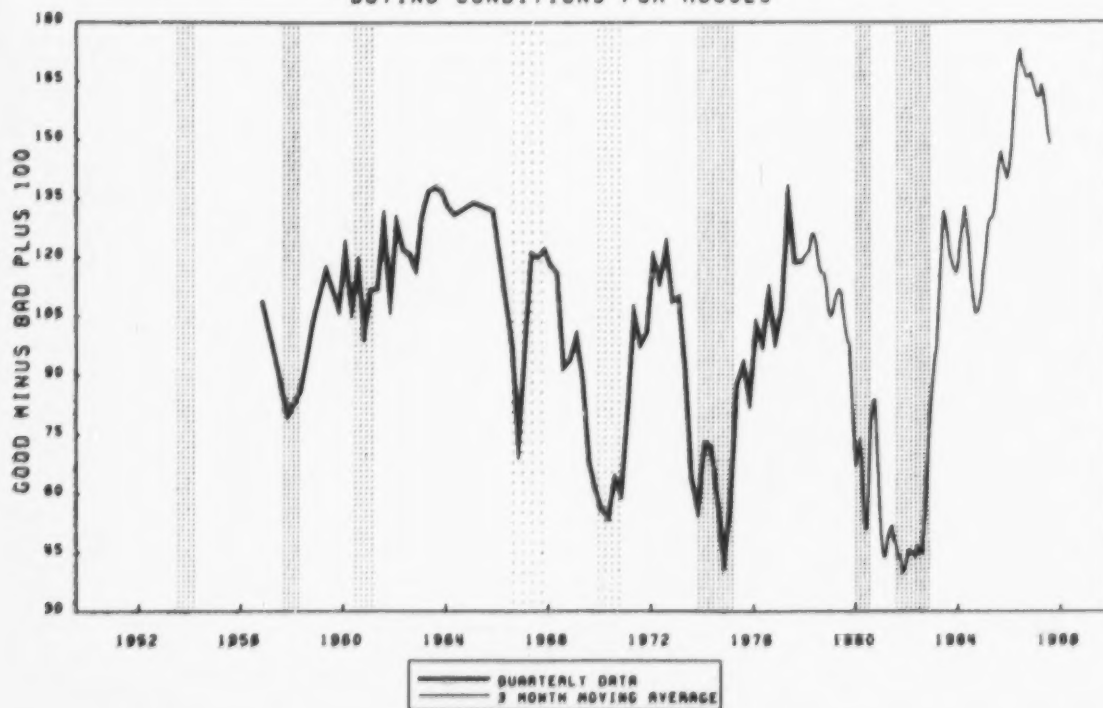


TABLE 23
BUYING CONDITIONS FOR HOUSES

	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987
GOOD TIME TO BUY	81%	83%	81%	83%	80%	76%	81%	80%	82%	77%	73%	72%	73%
UNCERTAIN, DEPENDS	3	2	2	2	4	4	2	4	1	4	4	5	3
BAD TIME TO BUY	16	15	17	15	16	20	17	16	17	19	23	23	24
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	659	651	656	653	655	657	652	652	651	654	651	654

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

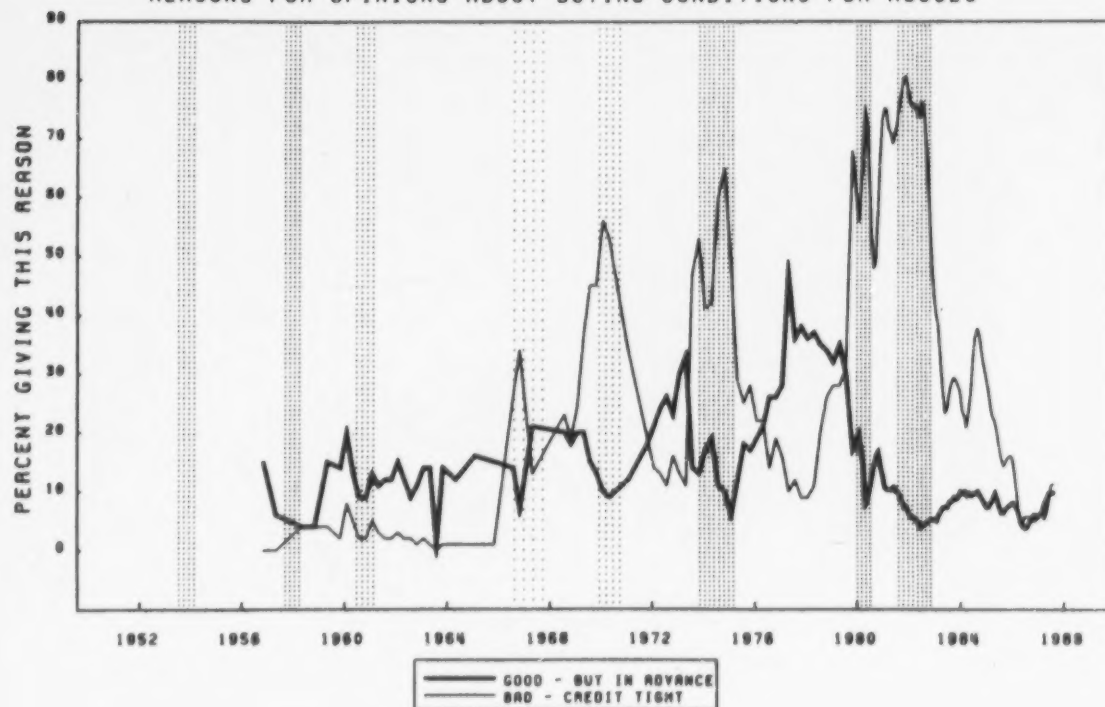


CHART 24B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

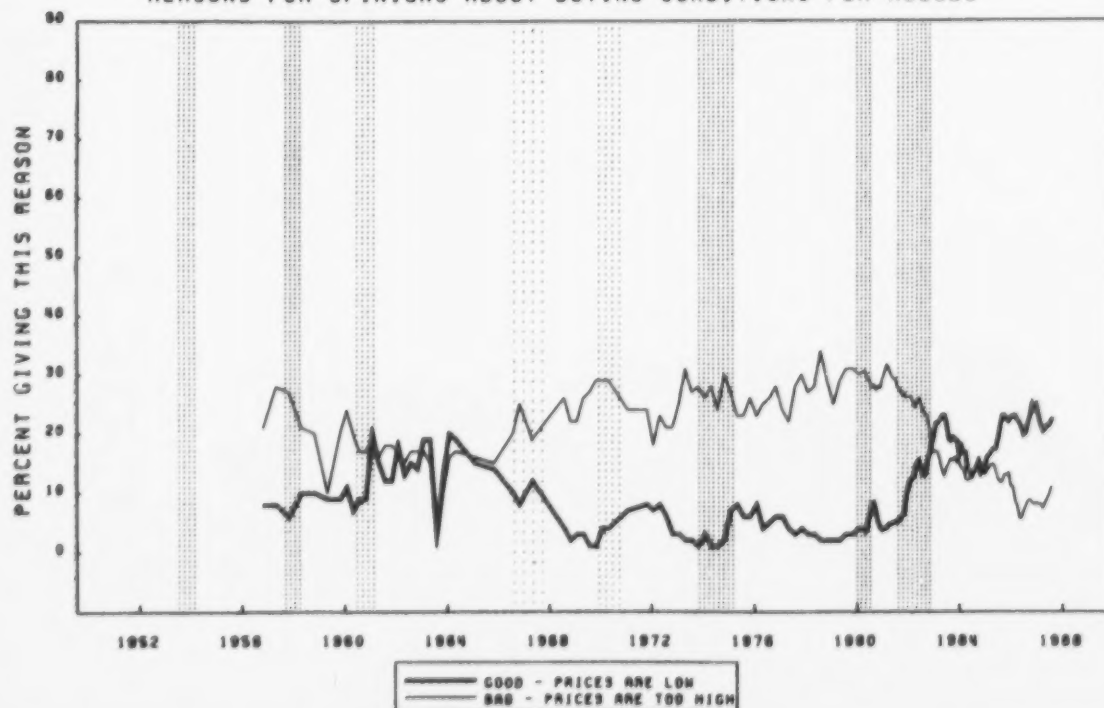


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	21%	26%	22%	27%	23%	24%	21%	19%	21%	22%	21%	21%	25%
Prices won't come down; are going higher	4	6	6	6	6	5	7	8	9	9	11	9	9
Interest rates low; credit is easy	78	79	75	75	73	69	74	71	71	66	63	59	57
Good investment	3	5	6	5	6	6	3	6	7	5	5	6	7
BAD TIME TO BUY:													
Prices are high	8	9	9	7	8	10	6	8	8	9	10	10	13
Interest rates are high; credit is tight	5	5	5	5	5	7	6	6	4	9	12	12	10
Lack of purchasing power	8	6	8	8	7	9	8	6	8	6	8	5	8

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS



CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

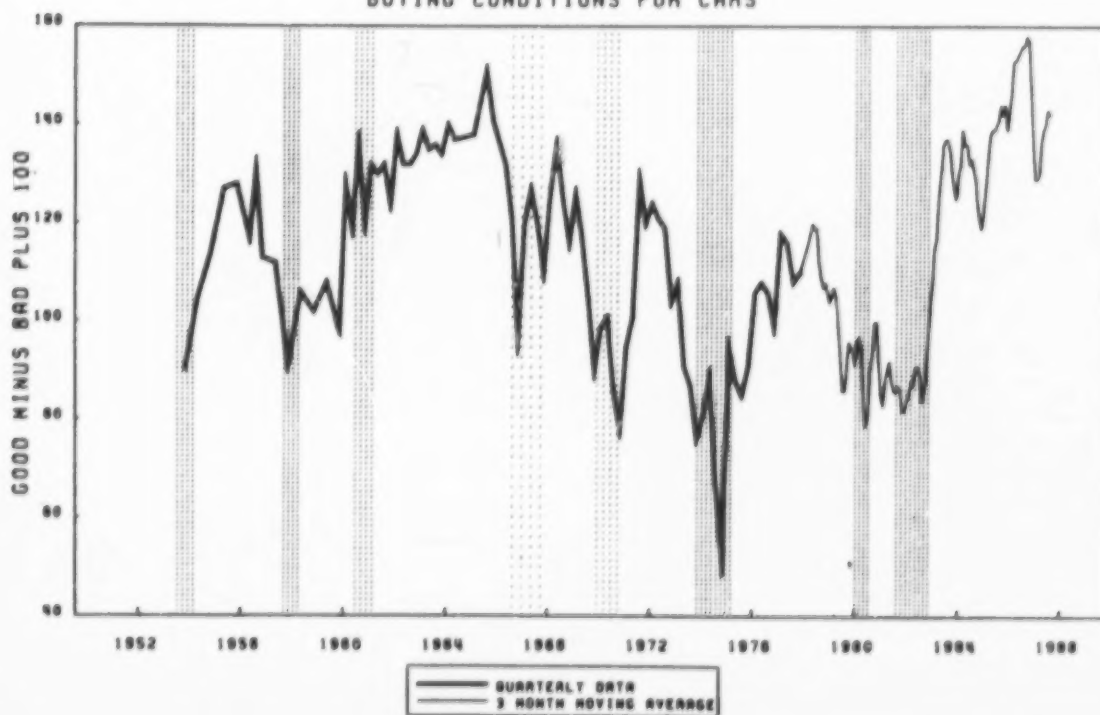


TABLE 25
BUYING CONDITIONS FOR CARS

	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987
GOOD TIME TO BUY	73%	81%	72%	63%	64%	55%	62%	66%	64%	67%	65%	67%	66%
UNCERTAIN; DEPENDS	8	3	7	6	7	9	9	7	8	9	10	11	9
BAD TIME TO BUY	19	16	21	31	29	36	29	27	28	24	25	22	25
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	659	651	656	653	655	657	652	652	651	654	651	654

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

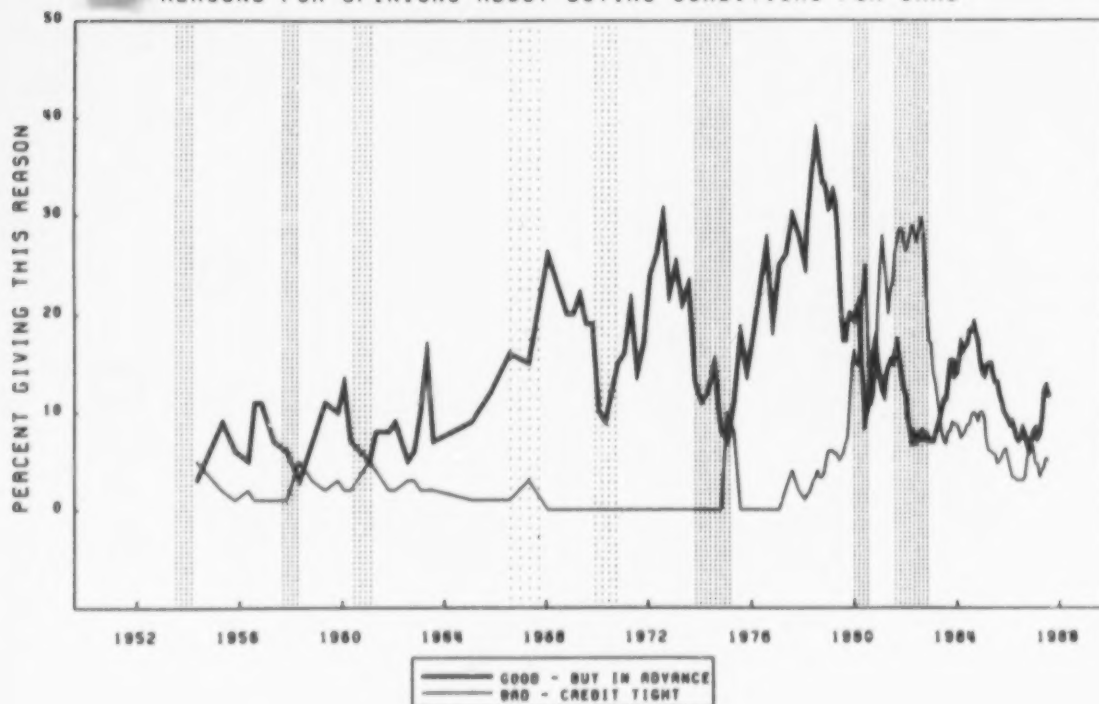


CHART 26B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

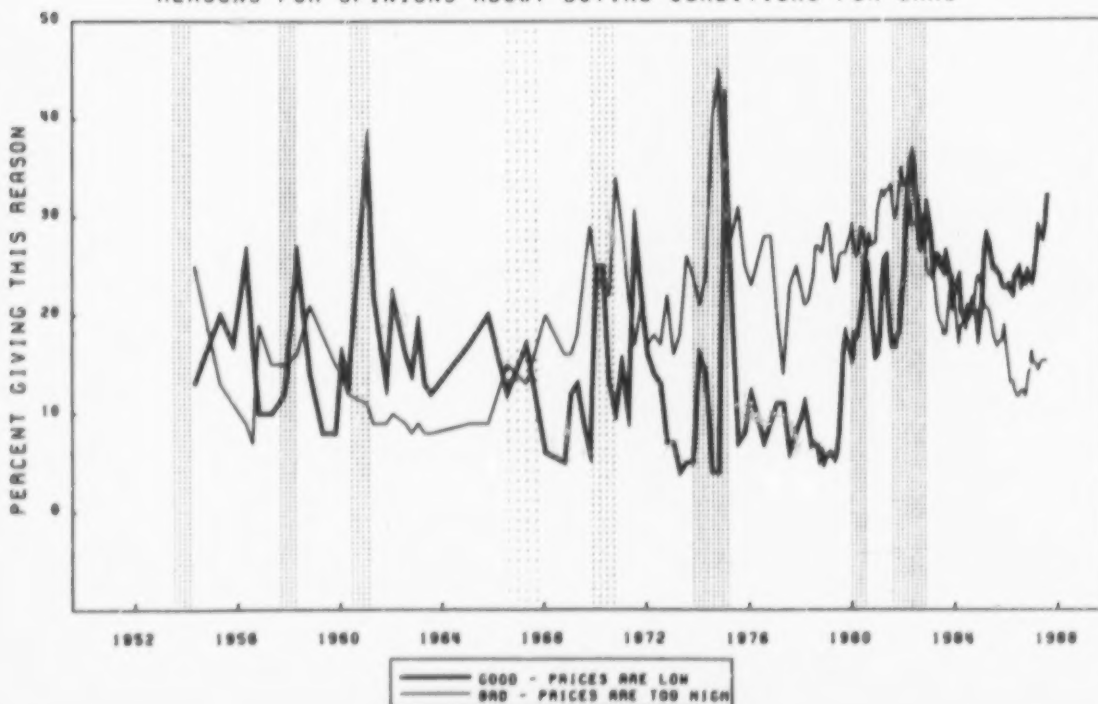


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	23%	25%	22%	26%	23%	21%	29%	29%	28%	27%	28%	32%	36%
Prices won't come down; are going higher	9	6	5	7	9	8	8	6	9	13	15	10	10
Interest rates low; credit is easy	52	73	58	43	45	34	38	44	40	40	38	30	37
New fuel efficient models	. *	*	*	*	*	1	*	*	1	*	1	1	*
BAD TIME TO BUY:													
Prices are high	12	11	12	17	15	17	13	15	15	15	16	15	15
Interest rates are high; credit is tight	3	4	8	9	4	6	4	4	2	6	5	5	5
Lack of purchasing power	5	2	2	4	4	6	6	5	5	5	4	4	3
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	1	1
Poor selection; quality	1	1	1	2	2	2	2	2	3	3	2	3	5

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

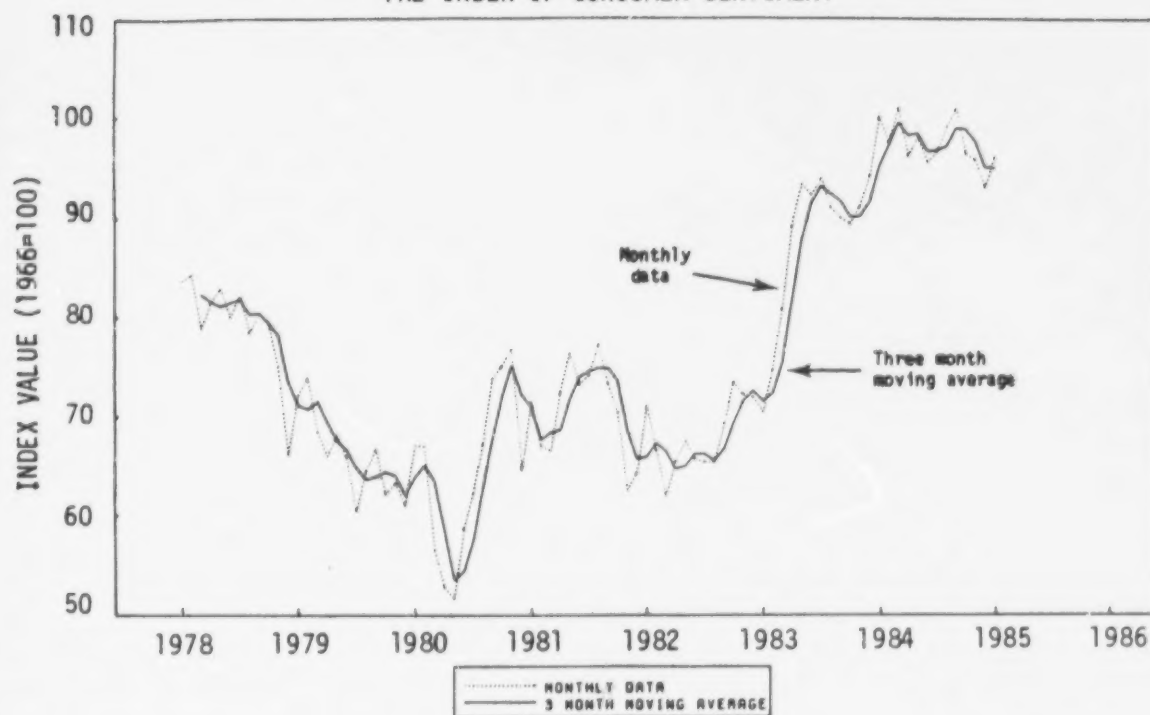
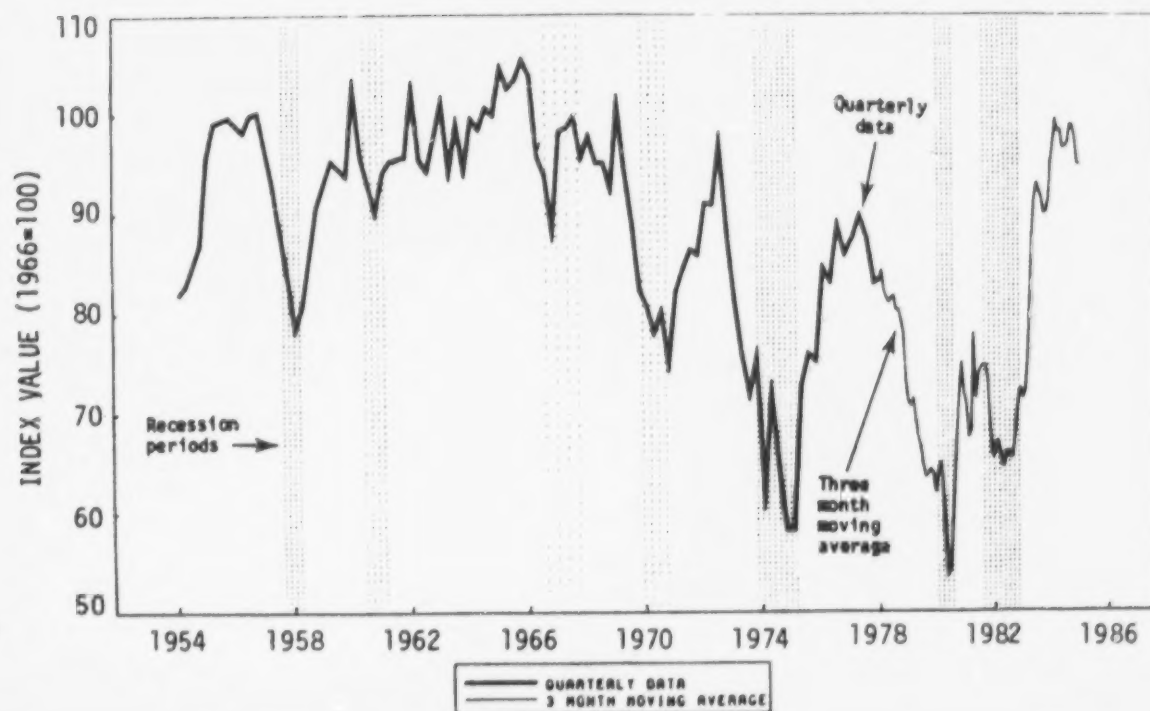


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

- QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.
- MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.
- THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES:	November 1948	-	October 1949
	July 1953	-	May 1954
	August 1957	-	April 1958
	April 1960	-	February 1961
	June 1966	-	November 1967*
	December 1969	-	November 1970
	November 1973	-	March 1975
	January 1980	-	July 1980
	July 1981	-	November 1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS^a OF SURVEY FINDINGS
(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	<u>700^b</u>	<u>1,400^c</u>	<u>2,100^d</u>
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

^aThe figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

^bAverage size of monthly surveys.

^cAverage size of two monthly surveys.

^dAverage size of three monthly surveys (one quarter).



September 11, 1987

AUGUST 1987 MONTHLY REPORT

Surveys of Consumer Attitudes

Richard T. Curtin, *Director*

CONSUMER SENTIMENT EDGES UPWARD

- In the August 1987 survey, the Index of Consumer Sentiment was 94.4, up from 93.7 in July, and nearly equal to the 94.9 recorded in August 1986. Since the start of 1987, the Index has been on a slowly rising path, continuing to trace a zig-zag pattern at high levels. Most of the recent gains have been centered on improved prospects for the general economy, mainly due to more favorable prospects for employment. Rising interest rates, and the widespread expectation of further increases, however, have dulled favorable buying attitudes.
- Among families with incomes of \$30,000 or more, the Index rose to 104.4 in the August 1987 survey, up from 102.5 one month earlier, and just below the 105.0 recorded one year earlier. Since the start of the year, the improvement in sentiment has been least among residents of the North Central region, and respondents age 55 or older.
- Consumers' evaluations of their personal financial situation remained positive in the August 1987 survey. Among all families, 45 percent reported that their financial situation had improved during the past year, and 39 percent expected improvement during the year ahead. Supporting these favorable assessments were widespread reports of increases in family incomes, although the size of the expected increase amounted to less than 1% above the anticipated rate of inflation.
- Consumers' assessments of economic conditions in the nation as a whole improved significantly since the start of the year. Most of the improvement has been due to job gains. Among all families in the August 1987 survey, 55 percent expected good times financially in the economy as a whole during the year ahead, up from the recent low of 45 percent at year end 1986.
- Expected increases in interest rates remains the major concern expressed by consumers. Among all families in the August 1987 survey, 62 percent expected interest rate increases. Although this is down from the peak of 71 percent recorded three months earlier, it remains substantially higher than the 42 percent recorded one year earlier.
- Rising interest rates have thus far had the largest impact on favorable home buying attitudes. Favorable references to mortgage interest rates fell to 57 percent in the August 1987 survey, from 78 percent one year earlier. References to reduced interest rates on vehicle loans were mentioned by 37 percent in August 1987, down from 52 percent one year earlier. With regard to opinions toward buying conditions for large household durables, favorable references to interest rates declined to 18 percent in August 1987, from 26 percent one year earlier.
- As interest rates have become more problematic, attention to price discounts has increased. For homes, vehicles, and especially for large household items, the availability of price discounts have become more important for the continued support of favorable buying attitudes. Moreover, personal financial evaluations, although positive, are now based on the expectation of only small real income increases, increasing the focus of consumer decisions on affordability. These factors indicate little if any growth in unit sales of homes and vehicles during the year ahead, with smaller and less interest-rate sensitive purchases of household items posting modest growth.

Monitoring Economic Change Program

Personal Finances Remain Favorable

Consumers' evaluations of their own personal financial situation have improved since the start of the year, regaining the ground lost late last year. Among all families in the August 1987 survey, 45 percent reported that their financial situation had improved during the past year, just below the 46 percent recorded a year earlier. Reports of a worsened financial situation fell slightly, to 23 from 25 percent during the past year. Overall, personal financial evaluations remained near cyclical peak levels, and at the most favorable levels recorded since the mid 1960s.

Increases in family income were reported by 36 percent of all families in the August survey, up from 33 percent a year earlier, while reports of income declines fell to 15 from 17 percent. Importantly, complaints about the erosion of family budgets due to inflation remained at very low levels in the August 1987 survey—just 9 percent, just above the 20 year low of 7 percent recorded at the start of 1987. These data indicate that the higher inflation rate posted during the first half of 1987 has not had a significant impact on consumer sentiment.

An improved financial situation during the year ahead was expected by 36 percent of all families in the August 1987 survey, identical to the year earlier reading. Income increases were expected by 64 percent of all families in the August 1987 survey, just above the 62 percent recorded one year earlier. The overall median income increase expected during the year ahead was 3.8% in the August 1987 survey, up from 3.4% one year earlier.

Improved Job Prospects Brightens Outlook for Economy

Business conditions in the country as a whole were judged to have improved during the past year by 54 percent of all families in the August 1987 survey, up from the recent low of 40 recorded at year end 1986. The improvement recorded since the start of 1987 has been due to more favorable employment prospects. The proportion of families that

expected the unemployment rate to increase fell to 27 percent in the August 1987 survey from the 1986 year-end high of 42 percent. While this improvement has reversed much of the negative prospects, rather than leading to expectations of further declines in unemployment, the shift has been toward the majority opinion that the unemployment rate will remain largely unchanged during the year ahead (reported by 56 percent of all families in August 1987).

The majority of consumers in the August 1987 survey did not expect any significant changes in the overall performance of the national economy during the year ahead (57 percent, just above the 56 percent recorded one year earlier). Among the balance of consumers, improving economic conditions was expected more frequently than worsening economic conditions, by the margin of 25 to 14 percent. The expectation that the economic expansion would continue into its sixth year, was favorably evaluated by the majority. Among all families in the August 1987 survey, 55 percent expected good times financially for the overall economy, up from the 1986 year-end level of 45 percent. Longer-term prospects for the overall economy also improved since the start of the year. From January to August of 1987, the proportion of families reporting favorable prospects rose to 36 from 30 percent, while unfavorable expectations fell to 43 from 53 percent.

Interest Rate Increases Top Concern

The major area of concern involves expected trends in interest rates. In the August 1987 survey, 62 percent of all families expected interest rate increases. Although this represents a decline since the peak of 71 percent was reached three months earlier, it nonetheless remains substantially above the 42 percent recorded one year earlier. Just 9 percent of all families expected declines in interest rates in the August 1987 survey. The substantial rise in expected interest rates was not mirrored in inflation expectations. The expected annual rate of inflation rose only slightly during the past year, to 4.5% from 4.3%.

***Favorable Buying Attitudes
Dulled by Rate Increases***

Favorable attitudes toward buying conditions for large household durables were held by 74 percent of all families in the August 1987 survey. Although this represents a marginal decline from the 76 percent recorded one month earlier, and the 77 percent recorded one year earlier, attitudes toward buying durable goods remain very favorable. The small decline during the past year resulted from fewer references to the availability of reduced interest rates on these purchases (falling to 18 from 26 percent), partially offset by more frequent mentions of reduced prices (rising to 38 from 35 percent).

Rising mortgage interest rates have dulled home buying attitudes, although they still remain at relatively favorable levels. Among all families in the August 1987 survey, 73 percent favorably rated home buying conditions, down from 81 percent one year earlier. The proportion of families that favorably mentioned mortgage interest rates fell to 57 percent in August 1987, from 78 percent one year earlier.

Favorable attitudes toward vehicle buying conditions were held by 66 percent of all families in the August 1987 survey—a figure that has remained largely unchanged since the Spring of this year. Despite the renewed deep discounts offered by vehicle manufactures on interest rates, the proportion of families that favorably mentioned these rates only rose to 37 percent in August from 30 percent in July. Other than the July reading, the August level of 37 percent was lower than in any of the prior 12 months. Despite the limited impact on buying attitudes from interest rate reductions, the price discounts offered as an alternative to reduced interest rates have captured more attention. Among all families in the August 1987 survey, 36 percent mentioned the availability of reduced prices, the highest level recorded during the past year.

Summary Outlook

Not since the 1960s has consumer sentiment remained as positive for as long a period of time. Starting in late 1982, the Index rose sharply, reaching a cyclical peak of 101.0 in early 1984. Since then the Index has moved in a zig-zag pattern at high levels, showing declines in the second half of each year, followed by increases in confidence during the first half of the next year. From June to December of 1986, the Index declined from 99.3 to 89.1, which has now been followed by a rebound to 94.4.

This pattern of change has been due to shifting assessments of future economic prospects, while evaluations of current economic conditions posted a slight improvement. From the 1984 peak, the Index components representing assessments of future prospects have fallen from 97.7 to 85.5, while the components representing current economic conditions have risen from 106.0 to 107.8.

During the first two years of the recovery, consumer sentiment could best be described as a sense of optimism that economic conditions would improve; during the last two years, consumer sentiment can best be described as a sense of confidence that economic gains now enjoyed can be maintained.

Buying attitudes remain at very favorable levels, and continue to demonstrate sensitivity to changes in interest rates. Home buying has thus far shouldered the largest impact, and the likely increases in mortgage rates in the months ahead would indicate some further weakening. New vehicle sales have continued to respond to interest rate incentives, although the impact from the current round of discounts is unlikely to top last year's record.

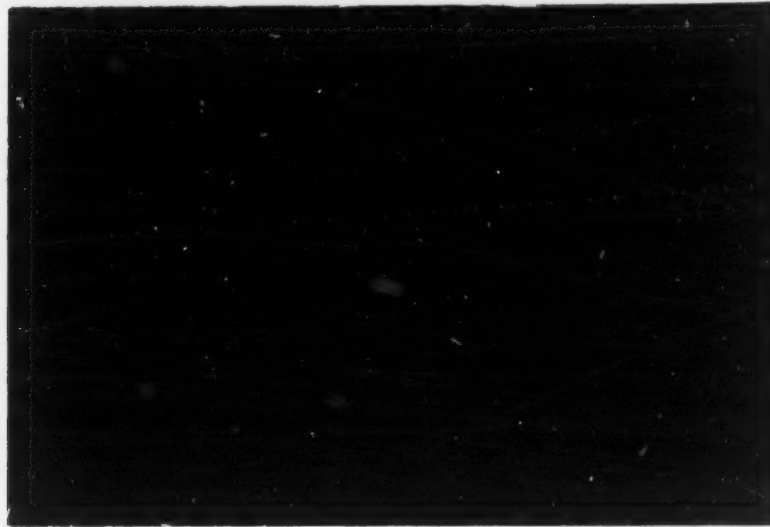
As interest rates have become more problematic, attention to price discounts has increased. For homes, vehicles, and especially for large household items, the availability of price discounts have become more important for the continued support of favorable buying attitudes. Moreover, personal financial evaluations, although positive, are now based on the expectation of only small real income increases, increasing the focus of consumer

decisions on affordability. These factors indicate little if any growth in unit sales of homes and vehicles during the year ahead, with smaller and less interest-rate sensitive purchases of household items posting modest growth.

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The August 1987 survey included 654 interviews, completed between August 1, 1987 and August 31, 1987.

SURVEYS OF CONSUMER ATTITUDES



Institute for Social Research

TABLES AND CHARTS

SEPTEMBER 1987

The September 1987 survey is the 230th in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

While every effort is made to accurately measure consumer attitudes and expectations, factors other than sampling may also affect the accuracy of these (and other) findings. These factors may include effects of the question wording, the ability of respondents to articulate answers and opinions, refusal to participate in the survey, and incomplete coverage of the population. There are no standard measures of these effects, but their presence should be acknowledged when using these and all other survey data. While measurement effects are present in all surveys, a noted advantage of time-series data is that the non-sampling influences remain relatively constant over samples.

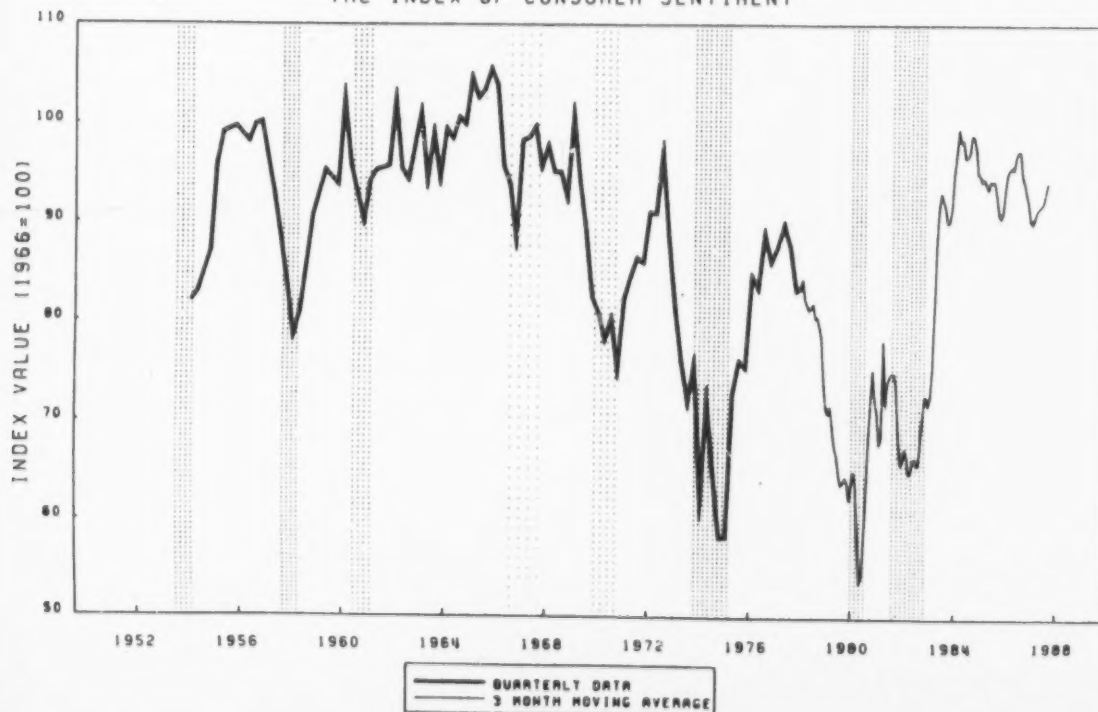
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CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT



CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT





Surveys of Consumers

Richard T. Curtin, *Director*

RISING INTEREST RATES DIMINISH SPENDING PLANS

- In the September 1987 survey, the Index of Consumer Sentiment was 93.6, insignificantly different from either the 94.4 recorded one month earlier or the 91.9 recorded one year earlier. Consumers expected little overall change in either their personal financial situation or in the national economy during the year ahead. And given the record length of the current expansion, these prospects have maintained consumer confidence at high levels.
- Among families with incomes of \$30,000 or more, the Index stood at 100.6 in the September 1987 survey, down from 104.4 one month earlier, but just above the year earlier figure of 99.5.
- Consumers' evaluations of their own financial situation remained positive in the most recent survey. Among all families in the September 1987 survey, 42 percent reported that their financial situation had improved, slightly below the 45 percent recorded both one month and one year earlier. The proportion of families that reported that their financial situation had worsened stood at 23 percent in the September 1987 survey, unchanged from one month earlier, and below the 25 percent recorded one year earlier. Income increases were reported by 33 percent of all families in September 1987, although down from 36 percent one month earlier, it was unchanged from the year earlier figure.
- Nearly half of all consumers (49 percent) expected their financial situation to remain unchanged on balance during the year ahead. Although the September 1987 survey recorded somewhat fewer families that expected improvement (35 percent) than one month earlier (39 percent) or one year earlier (38 percent), no comparable increase in unfavorable expectations was recorded. Among all families, just 11 percent expected their financial situation to worsen in September 1987, just below the 12 percent recorded one month earlier, and unchanged from the year earlier figure.
- Income increases were expected by 57 percent of all families in the September 1987 survey, down from 60 percent one year earlier. The median expected increase in family income was 2.4% in September, down from 3.0% one year earlier. When compared with price increases, 60 percent expected their income to keep pace with or exceed the inflation rate in September 1987, down from 67 percent one year earlier.
- When asked about recent changes in business conditions they had heard, more than half of all respondents in the September 1987 survey (53 percent) replied that they could not recall hearing of any recent developments. This was the highest proportion recorded since 1978, and characteristic of the later stages of an economic expansion. Rather than fewer reports of economic developments reaching consumers, this trend indicates growing habituation and the declining attention given to economic developments as the expansion lengthens. Only what's new is news, and thereby has the potential to cause consumers to revise existing expectations. Just as the impact from news of favorable economic developments are diminished through repeated exposure over a long expansion, the impact of unfavorable developments are heightened by their contrast to the prevailing trend.
- The expectation held by the majority (58 percent) is that the performance of the national economy will be the same as that of the past year. Few consumers expected the economy's performance to improve during the year ahead (21 percent), and fewer still expected the economy to worsen (17 percent). The expectation that the economic expansion would continue has been judged by consumers to mean the continuation of good times financially for the country as a whole during the upcoming year. Among all families in the September 1987 survey, 51 percent expected good times financially in the economy, just ahead of the 50 percent recorded one year earlier.

- An important component of these favorable assessments is that the national unemployment rate was expected to remain largely unchanged at its current low level during the year ahead—expected by 57 percent of all families.
- Over the longer term, fewer families think that the economy will avoid a recession. Among all families in the September 1987 survey, 45 percent expected a recession during the next five years, compared with 37 percent that expected an uninterrupted expansion. This balance of opinion is somewhat more favorable than a year earlier when a recession was thought more likely by the margin of 49 to 33 percent.
- Interest rates are the single most important concern voiced by consumers with current economic prospects. Among all families in the September 1987 survey, 66 percent expected interest rates to increase during the year ahead. Just 7 percent expected declines. During the first half of 1987, the proportion of families that expected interest rate increases rose rapidly, from 37 percent in January to 71 percent in May, and have since then remained close to that heightened level.
- Home buying conditions were viewed favorably by 71 percent of all families in the September 1987 survey, down from 73 percent one month earlier, and 83 percent one year earlier. This decline in favorable opinions can be traced to rising mortgage interest rates. During the past year, the number of references to low mortgage rates fell to 37 from 74 percent. Advance buying rationales have partially offset the initial adverse impact of rising mortgage rates. The proportion of consumers that said it would be better to borrow-in-advance of expected increases in mortgage rates rose to 16 percent in September 1987 from 5 percent one year earlier (see Table A).
- Favorable attitudes toward vehicle buying conditions were held by 66 percent of all families in the September 1987 survey, identical to the month earlier reading. Although vehicle buying attitudes remained at favorable levels, the current reading is well below last September's record of 81 percent. Despite the even lower interest rates offered this September, the number of consumers that mentioned the availability of reduced interest rates fell to 36 in September 1987 from 70 percent in September 1986 (see Table A). That consumers expect the repeated use of interest rate discounts by vehicle manufacturers is indicated by the very few consumers that cited the advantages of buying before future interest rate increases (4 percent).
- Favorable attitudes toward buying conditions for large household durables were held by 75 percent of all families in the September 1987 survey, just between the 74 percent recorded one month earlier and the 76 percent recorded one year earlier. The very favorable buying attitudes have been maintained by favorable perceptions of current market prices. Among all families, 37 percent mentioned the availability of price discounts, compared with just 8 percent that complained about high or rising prices.

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Overall, the recent survey indicates a favorable assessment of current economic conditions, but a cautious outlook toward future prospects. The long expansion has provided sustained improvement in family finances, and has gradually reduced unemployment to the lowest level in nearly ten years. These accumulated gains have maintained consumer confidence at high levels. But the upward momentum has long since faded. Currently, the majority of consumers only expect that these past gains will be maintained during the year ahead. The major threat to the continued expansion is rising interest rates—at present, the dominant concern of consumers. Rising interest rates on consumer purchases will continue to diminish prospects for sales in the coming months, especially home sales. And because only small, if any, improvements are expected in personal finances, consumers will continue to time their purchases to the availability of price and interest rate discounts. These factors point toward sagging sales rates through the start of 1988, but not sharp spending cutbacks.

TABLE A
REFERENCES TO INTEREST RATES IN SUPPORT
OF FAVORABLE BUYING CONDITIONS

Survey Date		Durables		Houses ^a		Vehicles	
		Low Rates	BIA ^b Rates	Low Rates	BIA Rates	Low Rates	BIA Rates
September	1985	14%	1%	51%	5%	45%	1%
October	1985	14	1	48	7	40	1
November	1985	10	2	45	7	38	2
December	1985	11	1	47	6	35	2
January	1986	17	1	55	5	50	1
February	1986	18	2	60	4	51	2
March	1986	21	1	73	4	52	2
April	1986	27	2	78	5	52	2
May	1986	30	1	76	4	57	1
June	1986	30	1	78	5	59	3
July	1986	25	1	70	7	52	1
August	1986	25	1	73	5	51	1
September	1986	29	*	74	5	70	3
October	1986	24	2	69	6	55	3
November	1986	22	3	69	6	42	2
December	1986	17	1	68	5	43	2
January	1987	19	1	65	4	32	2
February	1987	20	1	68	6	36	2
March	1987	21	2	66	5	43	1
April	1987	18	3	60	11	37	4
May	1987	16	3	50	16	37	3
June	1987	12	3	45	18	35	3
July	1987	11	2	46	13	28	3
August	1987	15	3	44	13	35	3
September	1987	11	4	37	16	36	4

* Less than 0.5 percent.

^a Also includes homes, home repairs and real estate.

^b The proportions given above provide greater detail than is reported in the monthly tables (see Tables 22, 24 and 26). The figures above divide the total proportion of respondents that made favorable references to credit conditions into those respondents that referred to the current availability of low interest rates, and those that referred to borrowing-in-advance (BIA) of rising interest rates.

TABLE 1
THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	All families	Families with incomes over \$30,000	Families with incomes over \$40,000
September 1984	100.9	110.8	112.9
October 1984	96.3	113.5	114.8
November 1984	95.7	112.9	113.6
December 1984	92.9	101.5	101.7
January 1985	96.0	110.2	112.1
February 1985	93.7	113.8	113.8
March 1985	93.7	110.8	114.4
April 1985	94.6	108.9	114.9
May 1985	91.8	105.3	107.7
June 1985	96.5	107.4	110.3
July 1985	94.0	105.2	109.5
August 1985	92.4	106.7	110.2
September 1985	92.1	101.7	104.9
October 1985	88.4	99.6	107.4
November 1985	90.9	100.8	100.3
December 1985	93.9	106.0	108.3
January 1986	95.6	109.7	110.1
February 1986	95.9	107.8	109.0
March 1986	95.1	102.9	110.2
April 1986	96.2	106.9	111.0
May 1986	94.8	105.5	109.9
June 1986	99.3	110.6	112.4
July 1986	97.7	109.6	108.5
August 1986	94.9	105.0	106.6
September 1986	91.9	99.5	102.1
October 1986	95.6	102.8	105.5
November 1986	91.4	97.5	98.7
December 1986	89.1	98.7	98.3
January 1987	90.4	101.2	104.0
February 1987	90.2	103.6	103.6
March 1987	90.8	97.8	96.1
April 1987	92.8	98.5	103.1
May 1987	91.1	97.7	99.2
June 1987	91.5	102.9	102.9
July 1987	93.7	102.5	104.0
August 1987	94.4	104.4	109.1
September 1987	93.6	100.6	104.3

CHART 2A - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

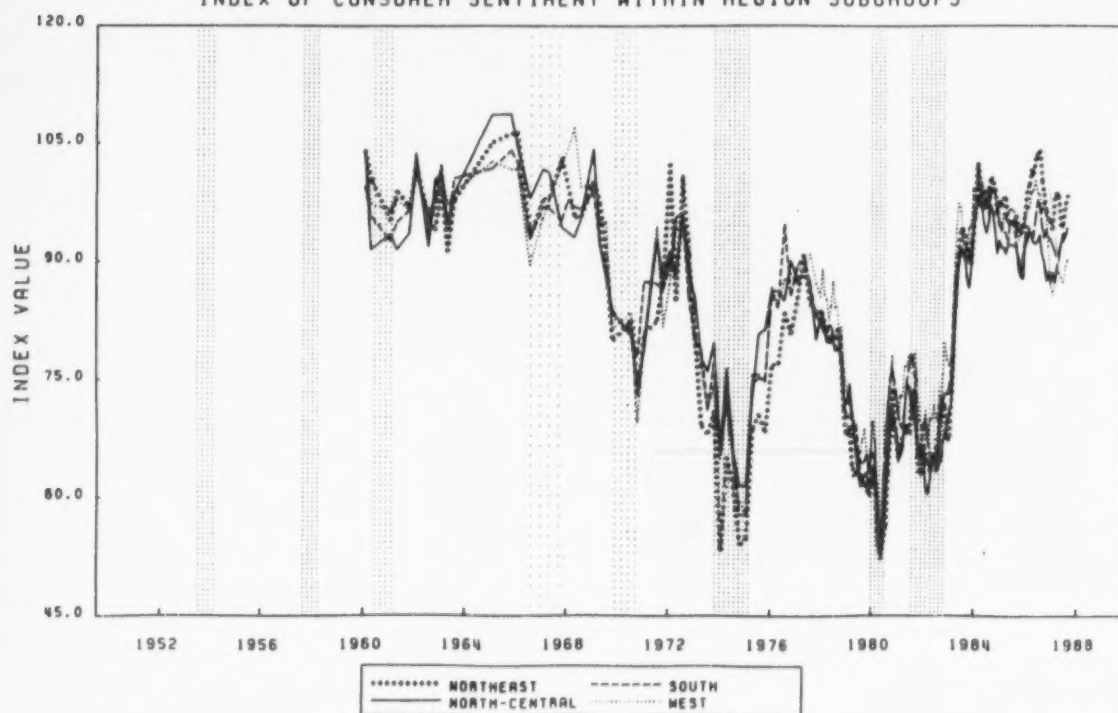


CHART 2B - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

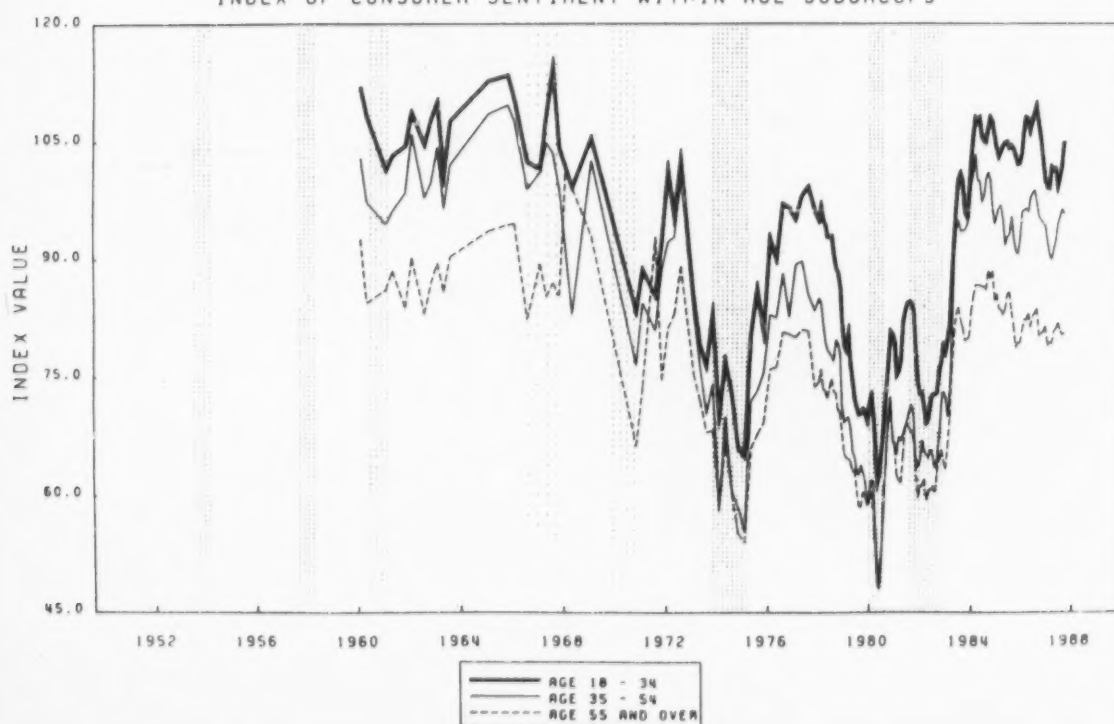


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY	CENSUS REGION				AGE OF RESPONDENT		
	North East	North Central	South	West	18-34	35-54	55+
September 1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October 1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November 1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December 1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January 1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February 1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March 1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April 1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May 1985	88.8	94.0	91.9	91.3	103.2	87.9	84.6
June 1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July 1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August 1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September 1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October 1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November 1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December 1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January 1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8
February 1986	103.4	92.7	93.2	98.0	109.7	94.1	83.8
March 1986	99.1	94.9	91.3	98.9	109.1	96.0	82.0
April 1986	102.7	92.3	94.4	99.5	104.8	97.8	83.6
May 1986	101.2	90.1	93.5	98.8	104.9	99.9	78.3
June 1986	106.2	94.1	98.5	102.7	112.7	97.9	86.6
July 1986	103.9	93.4	101.7	94.7	108.2	98.6	84.5
August 1986	102.5	92.6	90.5	98.2	107.9	95.2	80.1
September 1986	94.6	87.0	91.9	95.8	106.3	92.4	76.1
October 1986	99.1	90.0	96.5	99.3	101.5	97.3	85.7
November 1986	95.8	85.6	93.2	92.3	99.5	94.2	80.4
December 1986	91.8	90.4	89.5	84.0	98.0	91.3	78.3
January 1987	98.1	85.9	96.0	83.9	99.9	91.2	78.4
February 1987	92.4	89.5	90.7	89.2	99.1	89.2	81.5
March 1987	104.6	86.3	87.5	91.2	106.4	89.3	77.7
April 1987	99.4	91.7	93.7	87.2	99.0	95.1	83.5
May 1987	91.3	92.9	92.1	87.1	99.5	92.8	82.1
June 1987	92.5	92.2	91.5	89.7	99.0	95.5	80.0
July 1987	100.1	95.7	93.8	85.2	103.0	97.8	80.2
August 1987	99.0	91.0	95.2	93.2	103.3	95.8	80.8
September 1987	92.2	94.7	94.9	91.5	104.1	95.4	82.6

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

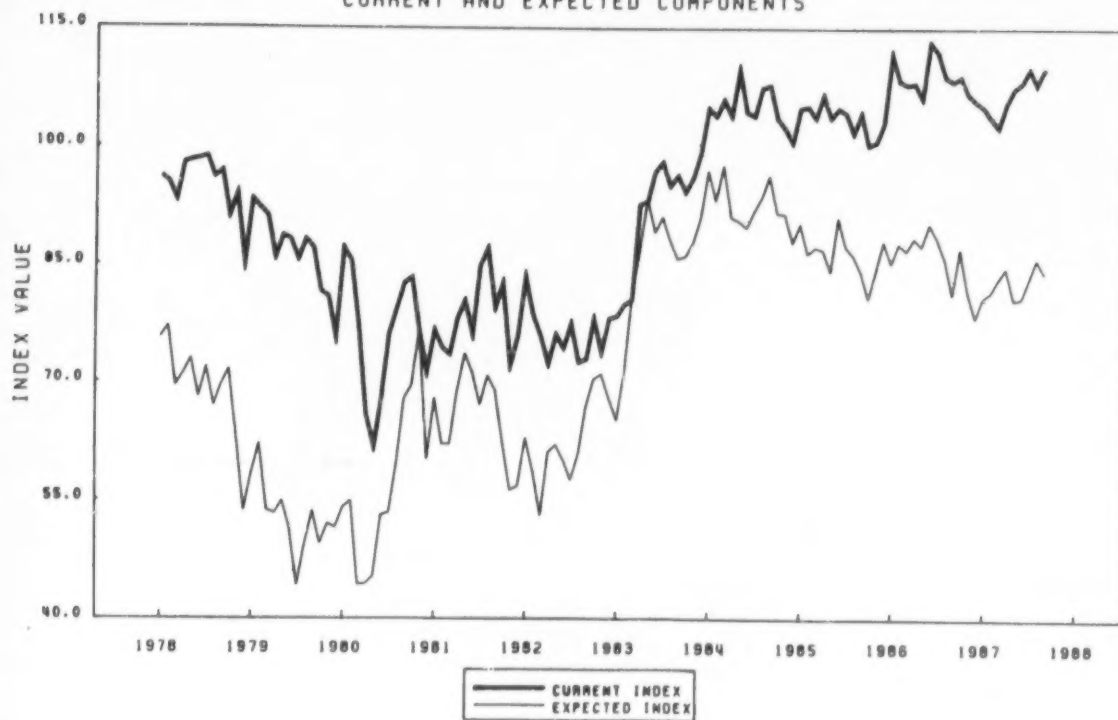


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

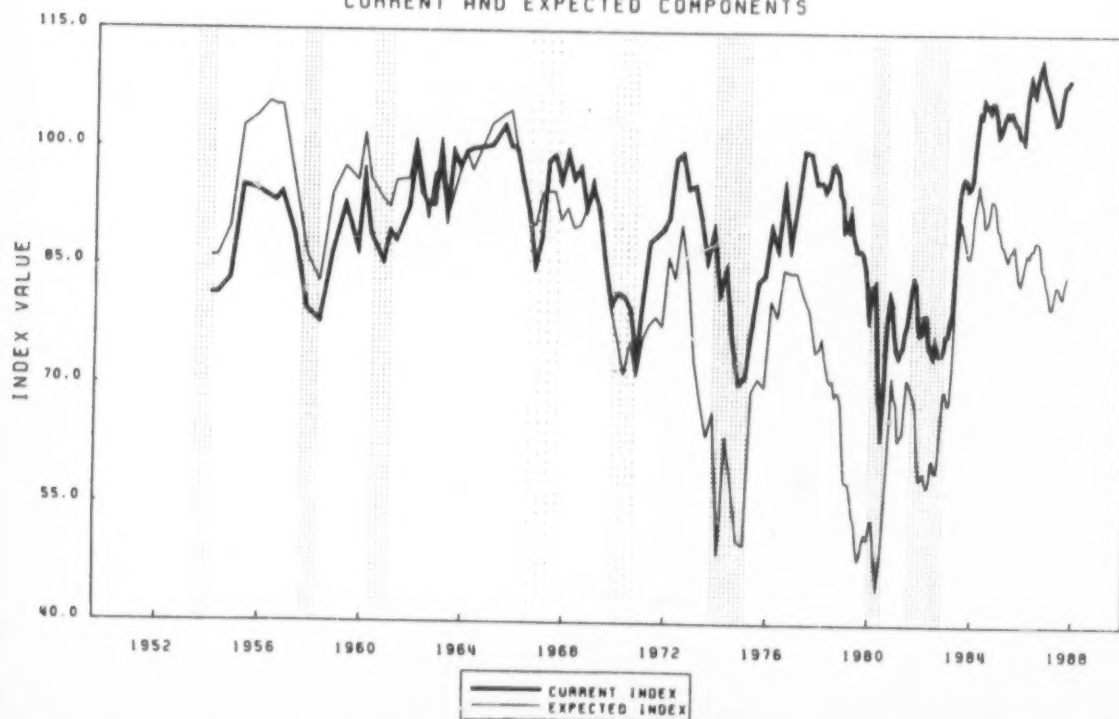


TABLE 3
COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	INDEX COMPONENTS +						
	Personal finances		Business conditions		Buying conds.	Current Index	Expected Index
	Current	Expected	12 months	5 years			
	(1)	(2)	(3)	(4)	(5)	(1,5)	(2,3,4)
September 1984	125	131	142	116	154	107.8	96.4
October 1984	118	127	134	107	150	103.6	91.6
November 1984	121	129	132	107	144	102.4	91.5
December 1984	118	125	131	98	143	100.6	87.9
January 1985	119	124	135	104	153	104.9	90.3
February 1985	115	120	131	96	158	105.1	86.5
March 1985	112	123	133	96	156	103.7	87.3
April 1985	116	127	128	95	161	106.6	87.0
May 1985	116	120	121	97	152	103.7	84.2
June 1985	115	127	133	106	157	104.9	91.1
July 1985	116	124	129	98	154	104.3	87.4
August 1985	112	123	125	99	152	101.8	86.3
September 1985	116	124	118	96	155	104.3	84.2
October 1985	111	123	111	90	148	100.3	80.8
November 1985	111	124	120	96	150	100.7	84.5
December 1985	120	124	127	103	147	103.1	88.1
January 1986	122	123	126	93	168	111.8	85.3
February 1986	117	123	132	98	164	108.4	87.8
March 1986	120	124	129	96	160	107.9	86.9
April 1986	120	128	133	94	160	108.1	88.5
May 1986	117	129	131	92	158	106.2	87.5
June 1986	124	127	136	100	170	113.3	90.3
July 1986	126	130	131	94	165	112.1	88.5
August 1986	121	128	123	94	161	108.9	85.9
September 1986	120	127	115	84	161	108.3	81.3
October 1986	120	127	124	99	162	108.9	87.1
November 1986	121	121	120	87	155	106.7	81.6
December 1986	116	127	104	83	158	105.8	78.3
January 1987	120	130	117	77	152	105.1	80.9
February 1987	115	126	117	84	153	103.7	81.6
March 1987	114	122	121	92	152	102.5	83.3
April 1987	116	127	116	97	158	105.5	84.7
May 1987	117	121	114	89	161	107.4	80.6
June 1987	120	122	113	89	161	108.1	80.8
July 1987	123	123	118	94	162	109.9	83.3
August 1987	122	127	125	93	157	107.8	85.8
September 1987	119	124	122	92	162	108.3	84.2

(1) See Table 4.

(2) See Table 6.

(3) See Table 15.

(4) See Table 16.

(5) See Table 21.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO



CHART 4 - HISTORICAL SERIES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

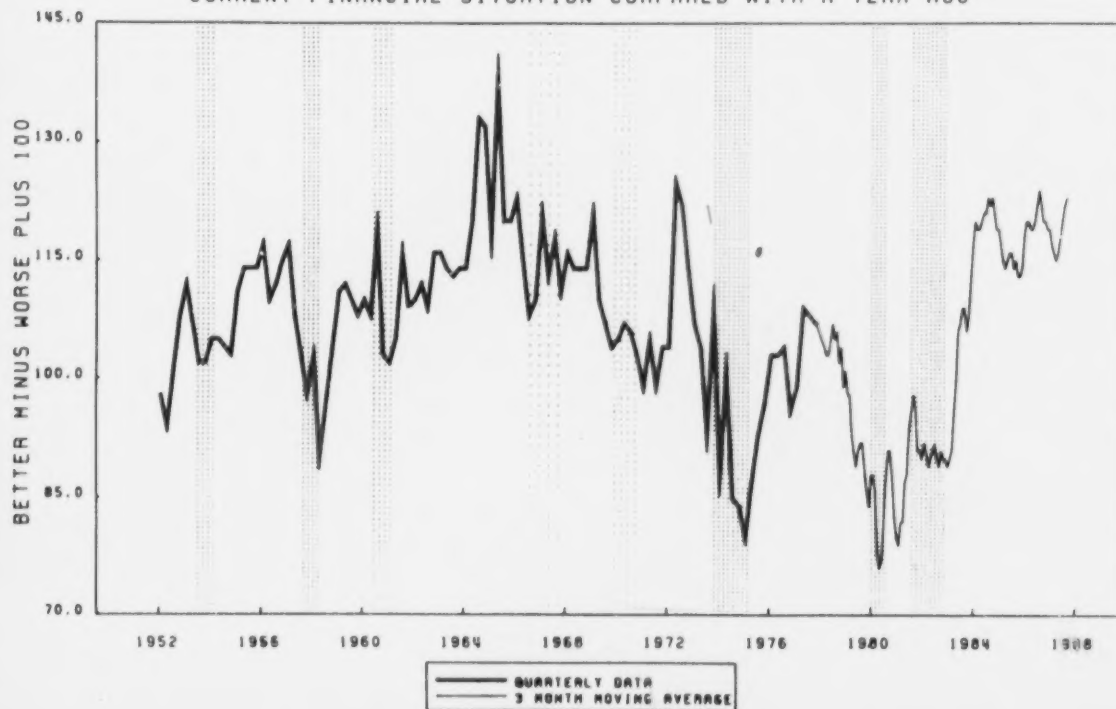


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987	Sept 1987
BETTER OFF	45%	44%	43%	43%	45%	44%	41%	42%	43%	44%	45%	45%	42%
SAME	30	32	35	30	29	27	32	32	31	32	32	32	34
WORSE OFF	25	24	22	27	25	29	27	26	26	24	22	23	23
DK,NA	*	*	*	*	1	*	*	*	*	*	1	*	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	659	651	656	653	655	657	652	652	651	654	651	654	650

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

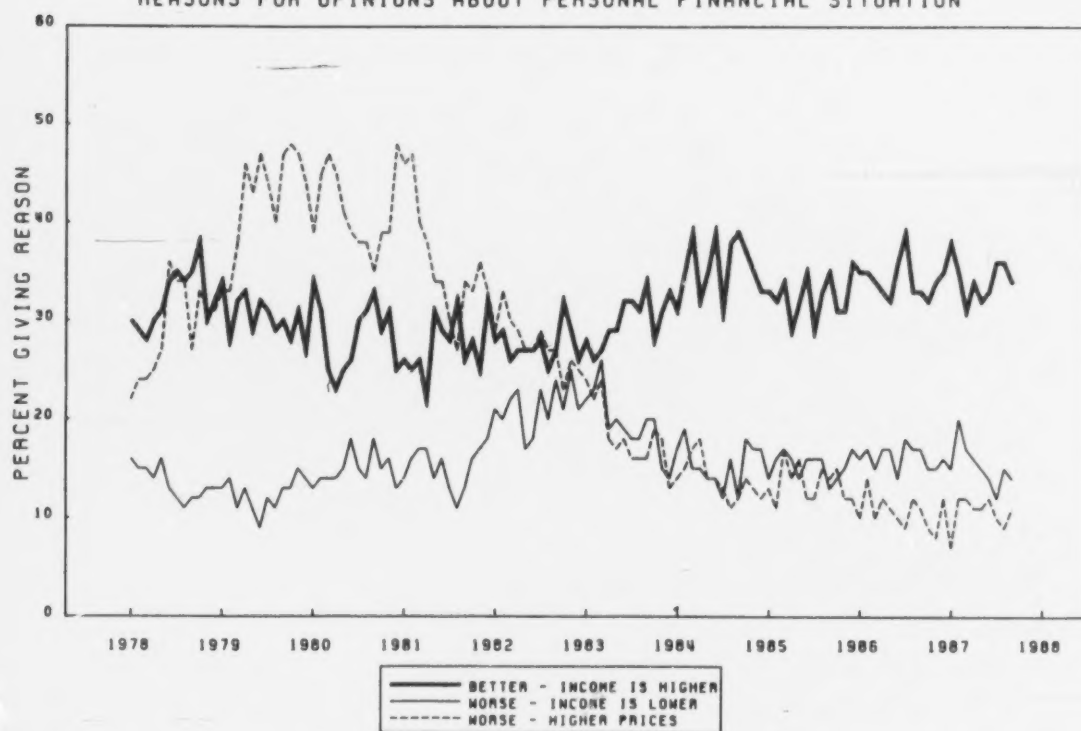


CHART 5 - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

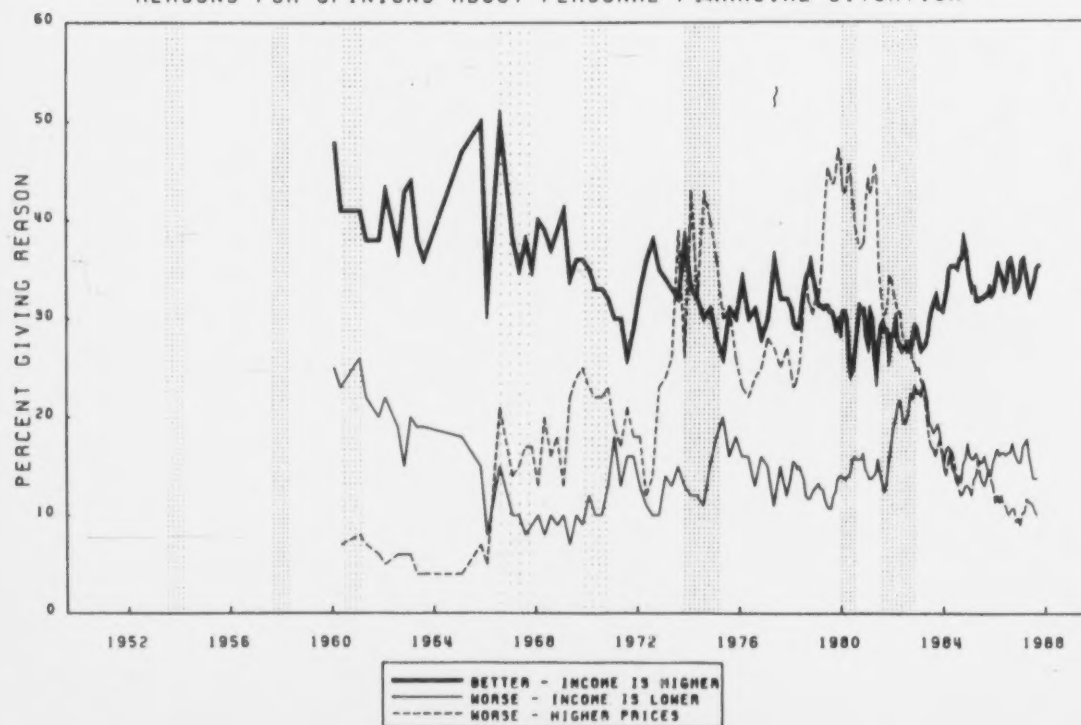


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987	Sept 1987
BETTER OFF THAN YEAR AGO:													
Income is higher	33%	32%	34%	35%	38%	35%	31%	34%	32%	33%	36%	36%	33%
WORSE OFF THAN YEAR AGO:													
Income is lower	17	15	15	16	15	20	17	16	15	14	12	15	16
Higher prices	11	9	8	12	7	12	12	11	11	12	10	9	12

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES
EXPECTED CHANGE IN FINANCIAL SITUATION

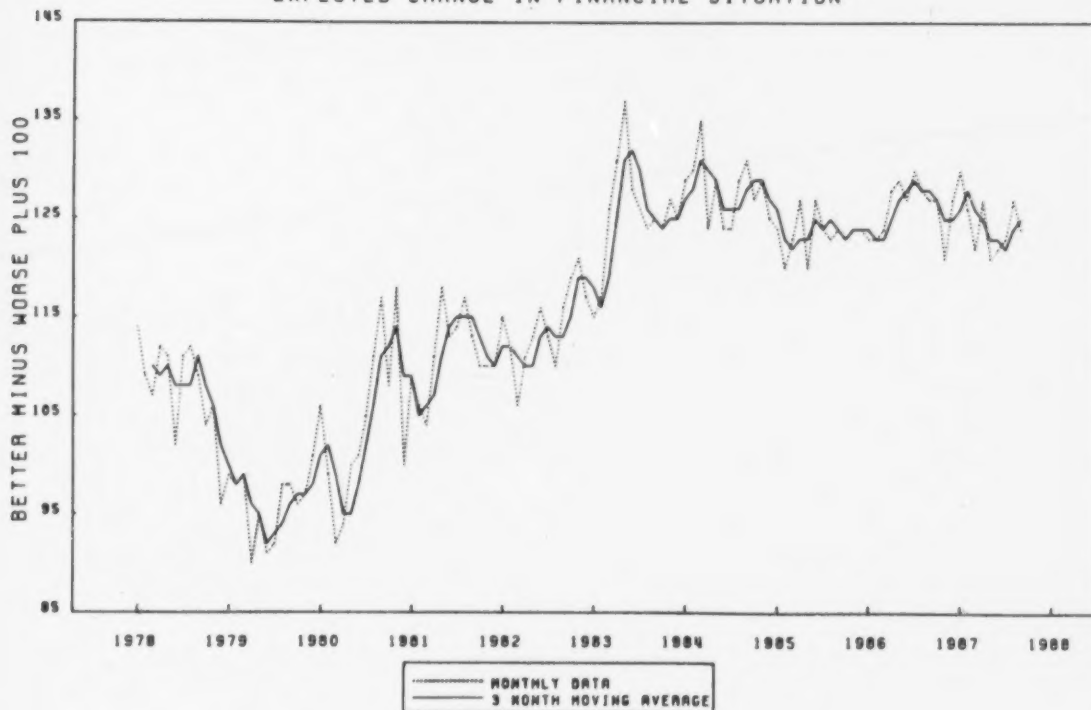


CHART 6 - HISTORICAL SERIES
EXPECTED CHANGE IN FINANCIAL SITUATION

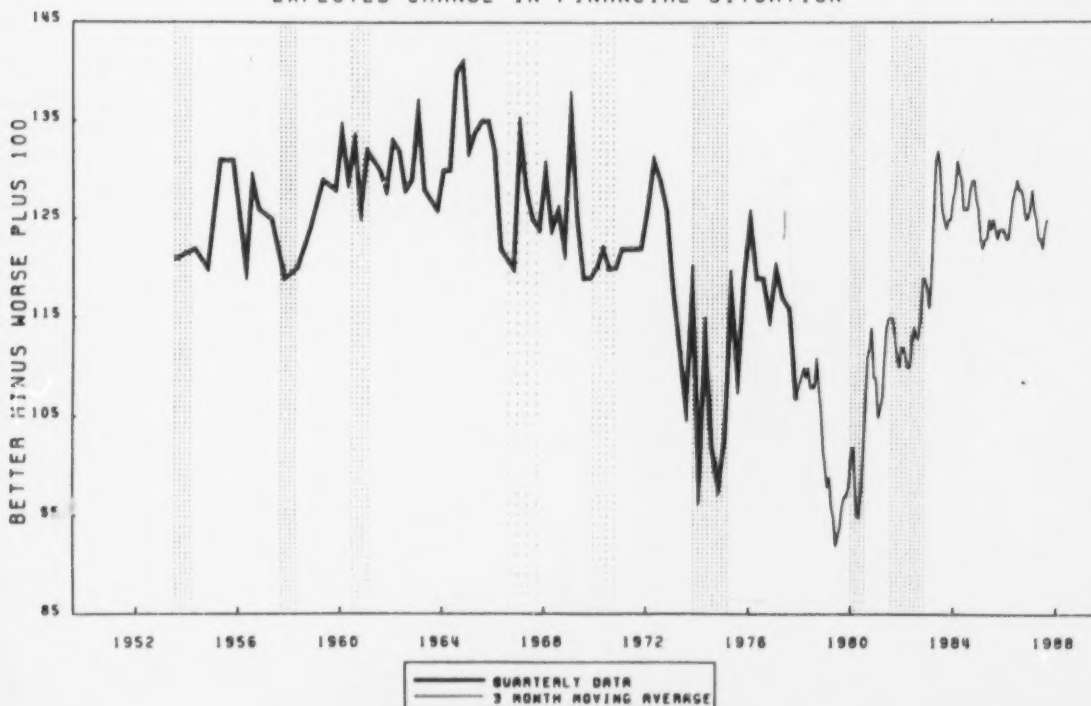


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987	Sept 1987
BETTER OFF	38%	37%	33%	36%	39%	38%	33%	37%	32%	33%	34%	39%	35%
SAME	47	51	52	52	48	48	53	49	54	53	52	46	49
WORSE OFF	11	10	12	9	9	12	11	10	11	11	11	12	11
DK,NA	4	2	3	3	4	2	3	4	3	3	3	3	5
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	659	651	656	653	655	657	652	652	651	654	651	654	650

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION



CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION

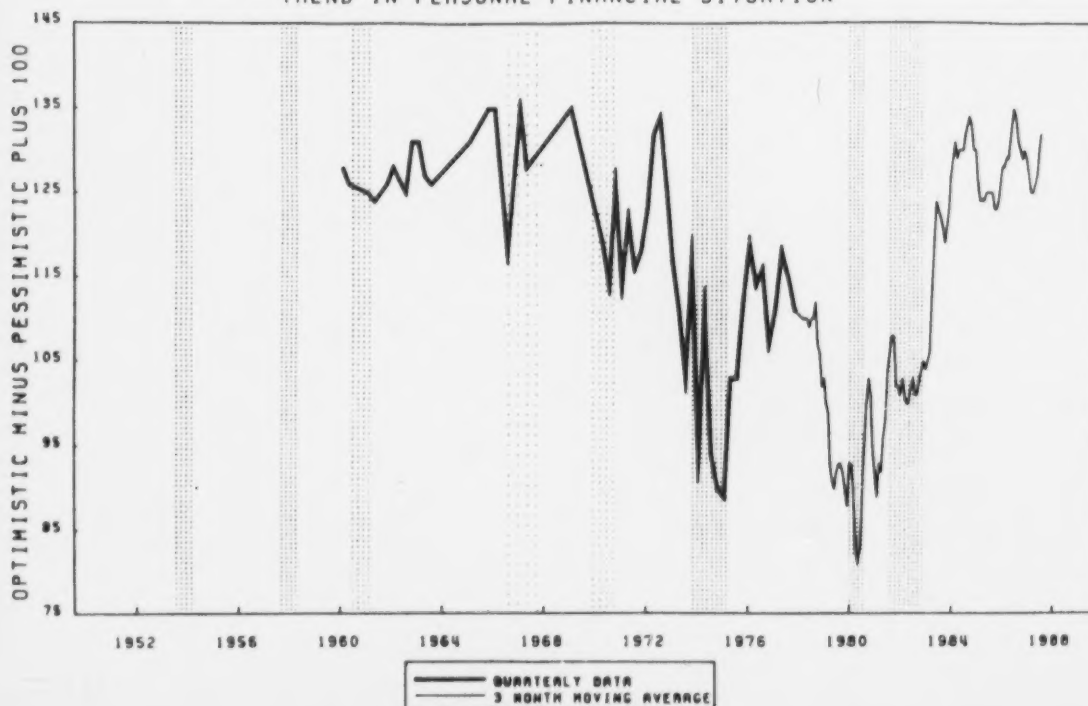


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987	Sept 1987
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	21%	22%	18%	18%	22%	22%	19%	19%	17%	18%	19%	23%	18%
Intermittant increase (b)	29	27	29	29	28	27	25	28	28	31	29	29	31
Remain unchanged (c)	16	19	22	19	17	15	22	17	20	17	20	16	19
Intermittant decline (d)	15	16	13	14	14	17	16	17	16	17	14	16	12
Continuous decline (e)	5	3	5	4	3	6	5	3	4	5	4	4	5
Mixed change (f)	10	11	10	13	12	11	10	12	12	8	10	9	10
DK;NA	4	2	3	3	4	2	3	4	3	4	4	3	5
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	659	651	656	653	655	657	652	652	651	654	651	654	650

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
 (b) Better/Same or Same/Better
 (c) Same/Same
 (d) Worse/Same or Same/Worse
 (e) Worse/Worse
 (f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES
 MEDIAN EXPECTED CHANGE IN FAMILY INCOME

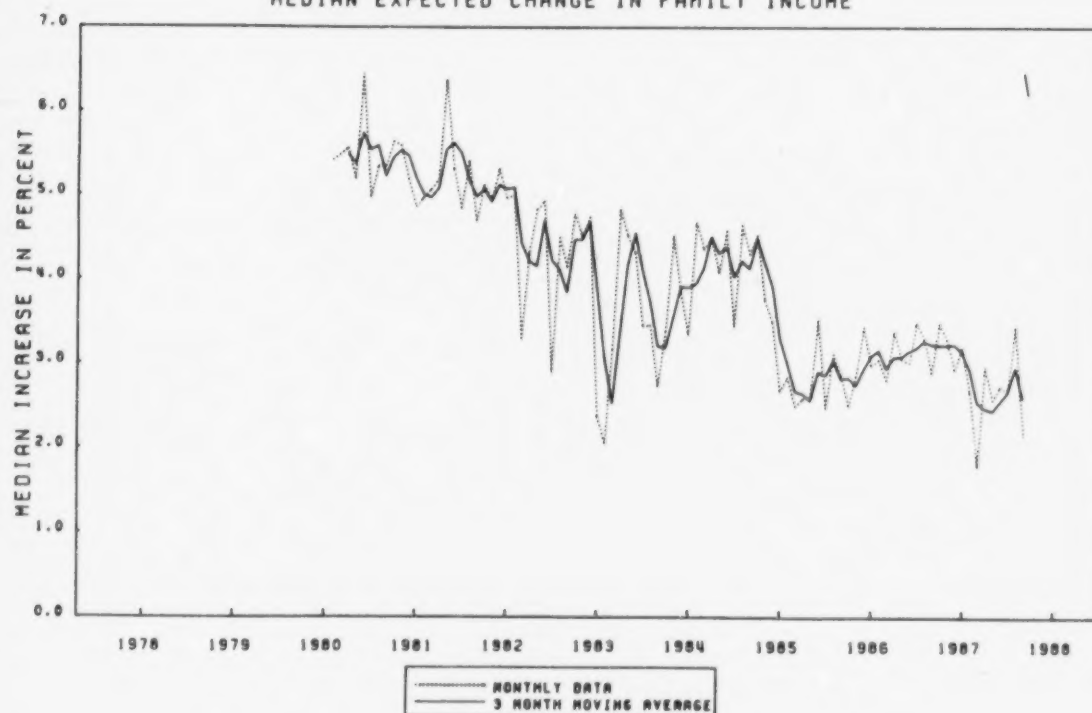


CHART 8 - HISTORICAL SERIES
 MEDIAN EXPECTED CHANGE IN FAMILY INCOME

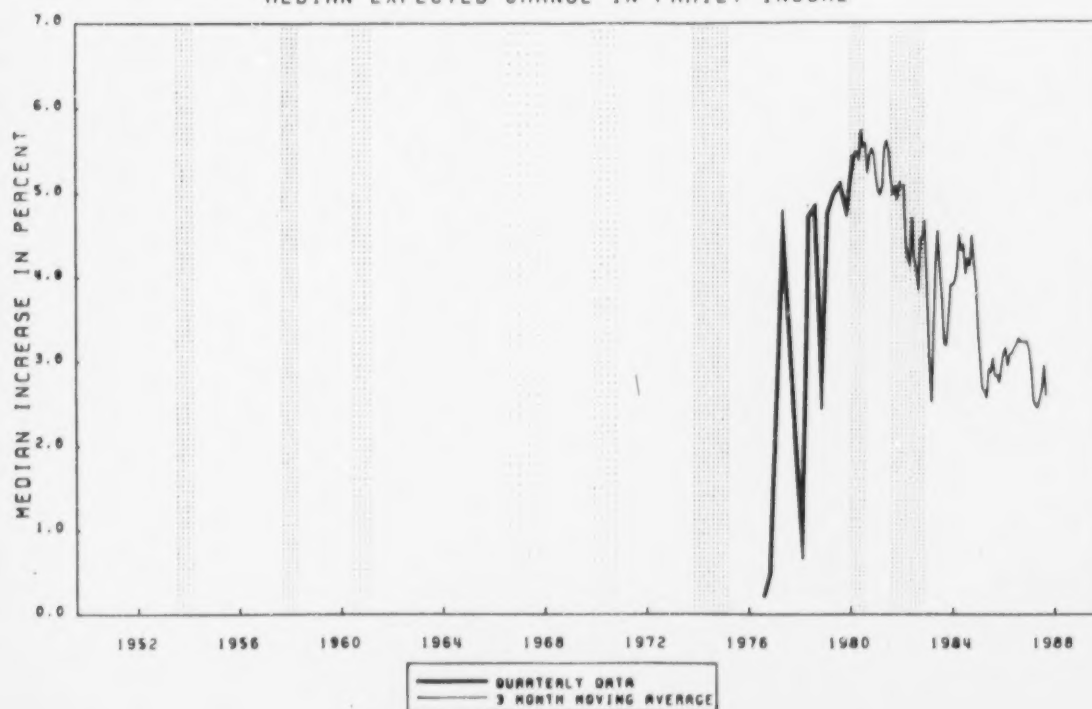


TABLE 8
EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987	Sept 1987
EXPECT INCREASE:													
1-4%	16%	14%	17%	18%	16%	15%	17%	15%	18%	21%	18%	17%	17%
5%	15	12	13	12	11	12	11	9	9	9	9	12	13
6-9%	7	6	9	8	8	5	7	8	8	10	7	6	6
10-24%	15	19	15	14	17	15	11	19	14	13	16	17	10
25% or more	4	7	6	6	6	6	5	5	6	5	6	8	6
DK how much up	3	3	4	4	4	6	6	4	3	4	4	4	5
EXPECT SAME	26	26	23	26	25	27	28	27	26	26	27	23	30
EXPECT DOWN	13	12	12	12	12	14	15	13	15	12	13	11	11
DK, NA	1	1	1	*	1	*	*	*	1	*	*	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	659	651	656	653	655	657	652	652	651	654	651	654	650

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

* : Less than half of one percent.

CHART 9 - RECENT CHANGES
INCOME OR PRICES UP MORE NEXT YEAR

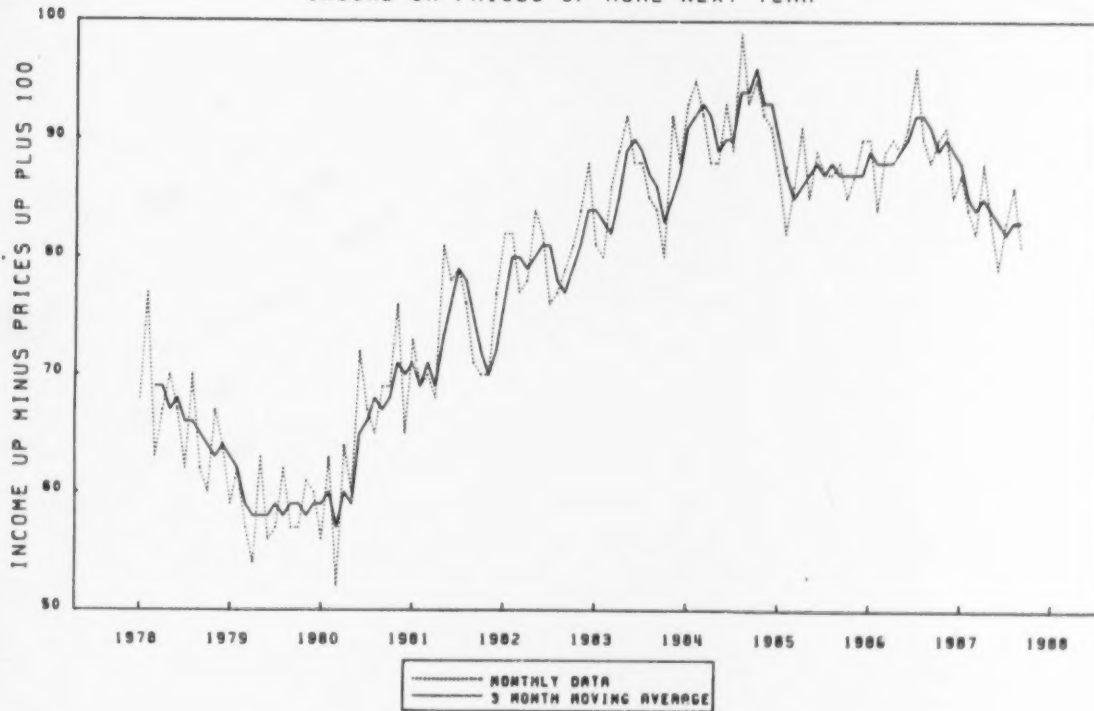


CHART 9 - HISTORICAL SERIES
INCOME OR PRICES UP MORE NEXT YEAR

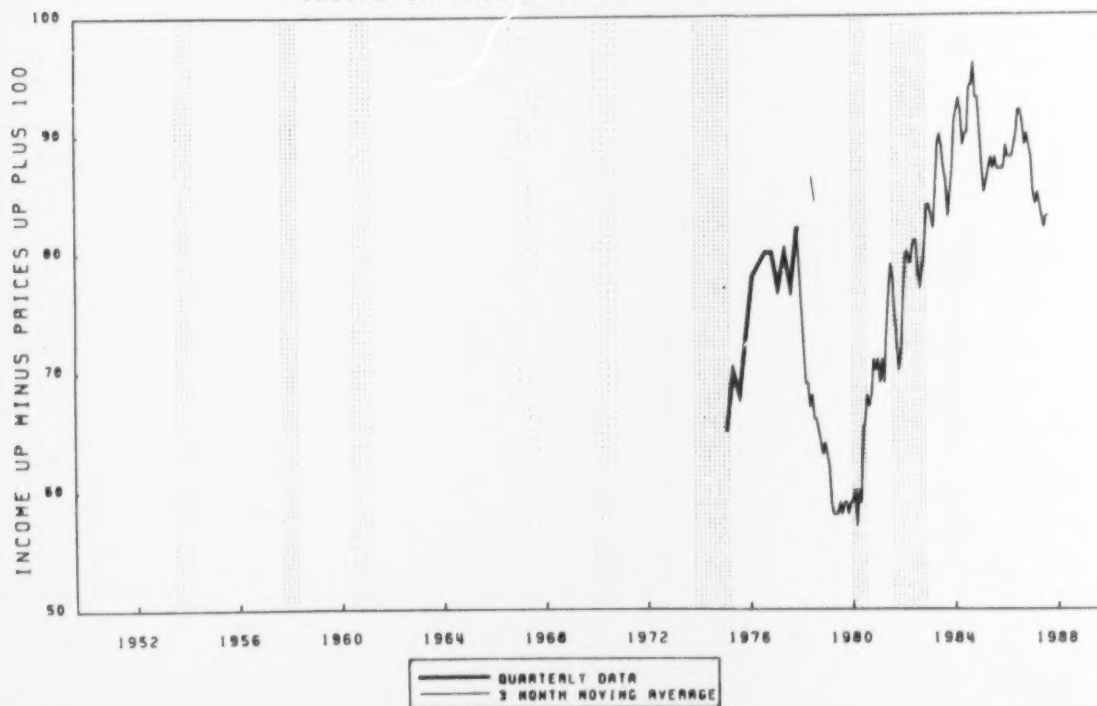


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987	Sept 1987
INCOME UP MORE	20%	22%	21%	19%	22%	20%	18%	21%	17%	17%	17%	21%	18%
INCOME UP SAME	47	45	47	45	41	42	44	44	48	44	47	42	42
PRICES UP MORE	32	32	30	34	35	36	36	33	34	38	34	35	38
DK,NA	1	1	2	2	2	2	2	2	1	1	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	659	651	656	653	655	657	652	652	651	654	651	654	650

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

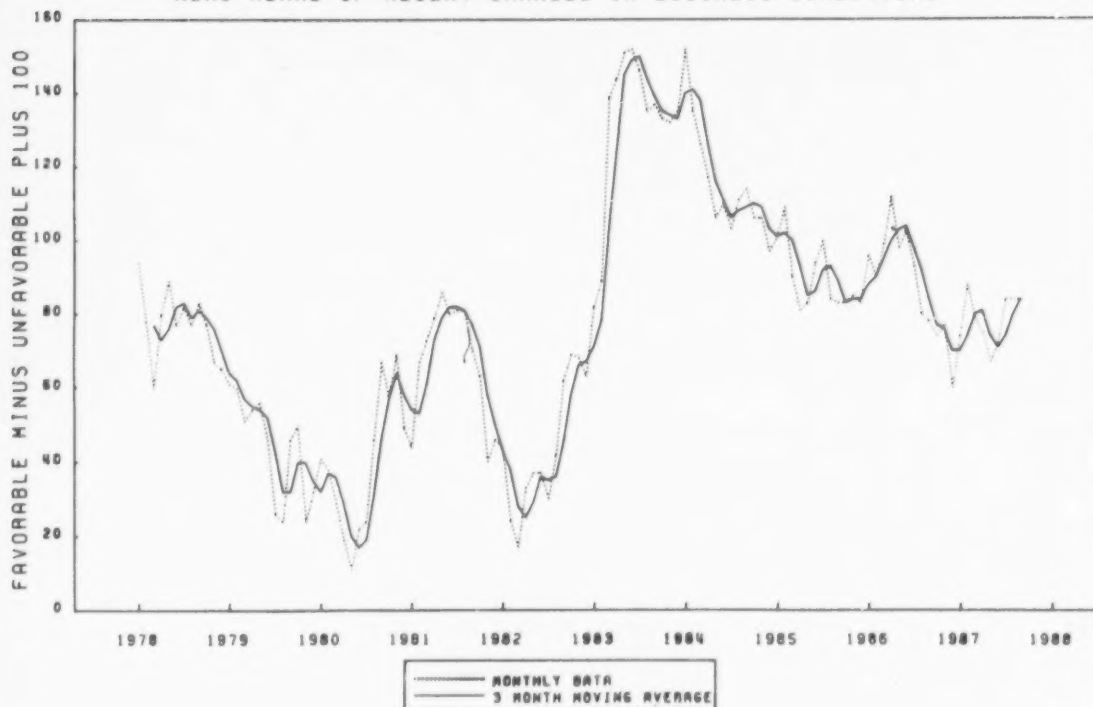


CHART 10 - HISTORICAL SERIES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

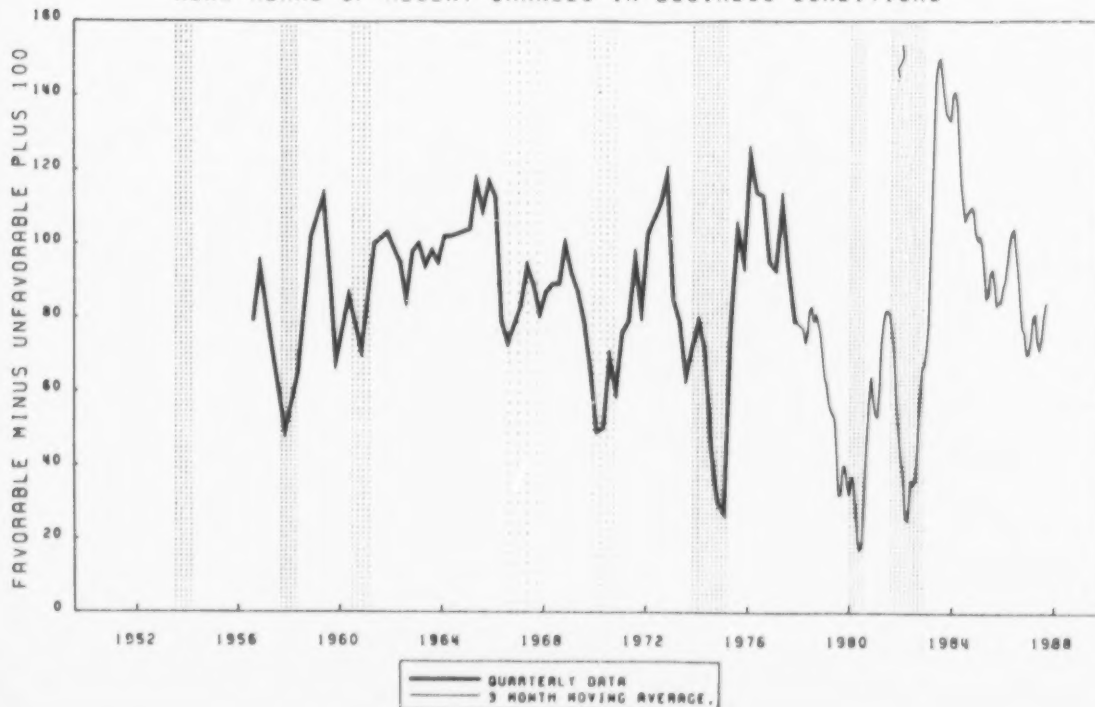


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987	Sept 1987
FAVORABLE NEWS	29%	26%	30%	22%	26%	36%	27%	27%	26%	29%	29%	32%	24%
UNFAVORABLE NEWS	51	52	53	62	52	48	48	52	59	57	45	48	44
NO MENTIONS	49	48	47	44	44	45	49	46	44	42	50	47	53

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

: May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

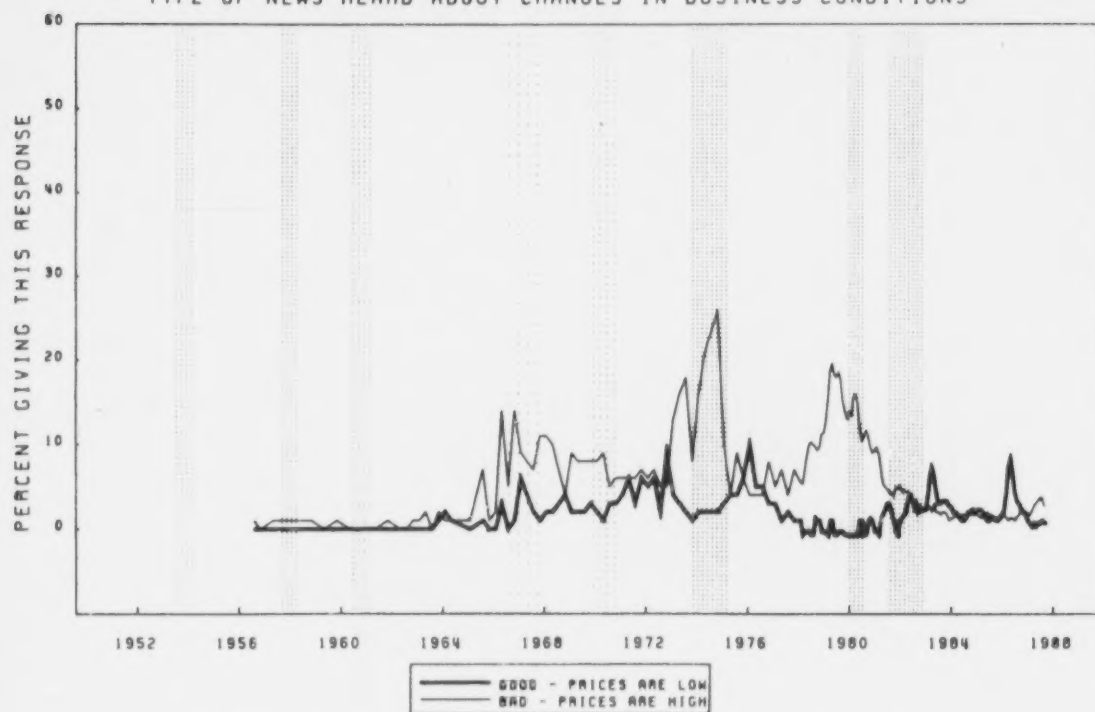


CHART 11B - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

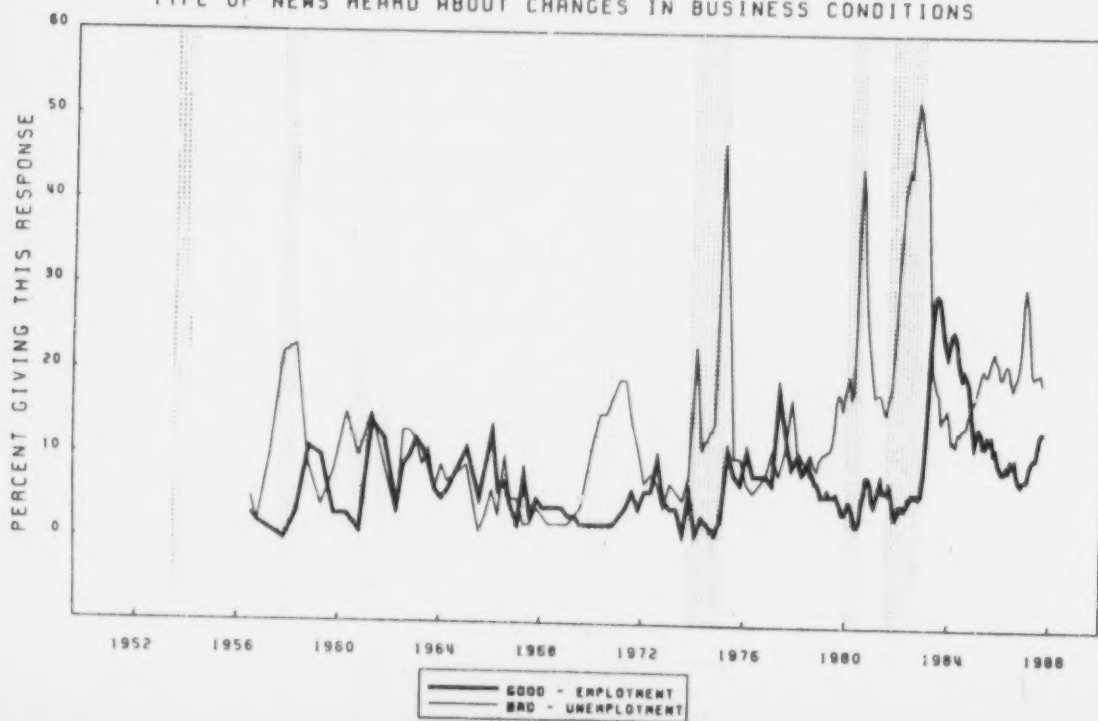


TABLE 11

SELECTED ITEMS OF
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987	Sept 1987
FAVORABLE NEWS:													
Government; elections	2%	1%	3%	1%	2%	2%	2%	3%	1%	2%	2%	3%	1%
Employment	6	7	9	7	7	10	11	9	11	11	13	15	12
Higher consumer demand	2	3	2	2	3	3	1	1	1	2	*	1	*
Lower prices	2	2	2	1	*	1	*	1	*	1	1	1	*
Easier credit	11	8	5	5	5	6	4	2	3	3	2	1	1
UNFAVORABLE NEWS:													
Government; elections	6	8	6	8	9	5	7	7	7	7	5	5	3
Unemployment	19	23	29	33	29	23	20	18	21	21	18	22	17
Lower consumer demand	1	2	2	4	2	3	2	2	2	3	3	2	1
Higher prices	2	2	1	2	1	2	3	3	3	4	4	3	1
Tighter credit	1	*	1	1	1	1	1	4	6	7	4	2	5
Energy crisis	*	*	*	*	*	*	*	*	*	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO



CHART 12 - HISTORICAL SERIES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

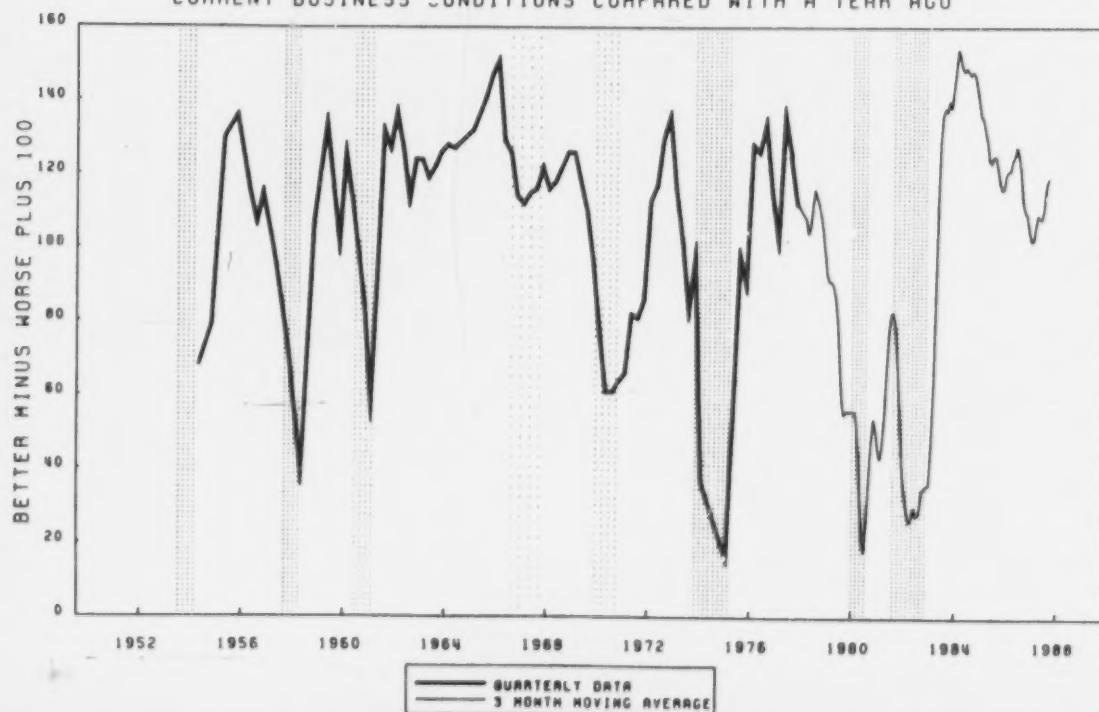


TABLE 12
CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987	Sept 1987
BETTER NOW	47%	47%	45%	40%	43%	47%	45%	46%	43%	46%	50%	54%	49%
SAME	13	15	16	13	14	14	17	17	16	16	16	14	14
WORSE NOW	39	35	37	45	41	38	37	35	39	36	32	30	34
DK, NA	1	3	2	2	2	1	1	2	2	2	2	2	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	659	651	656	653	655	657	652	652	651	654	651	654	650

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

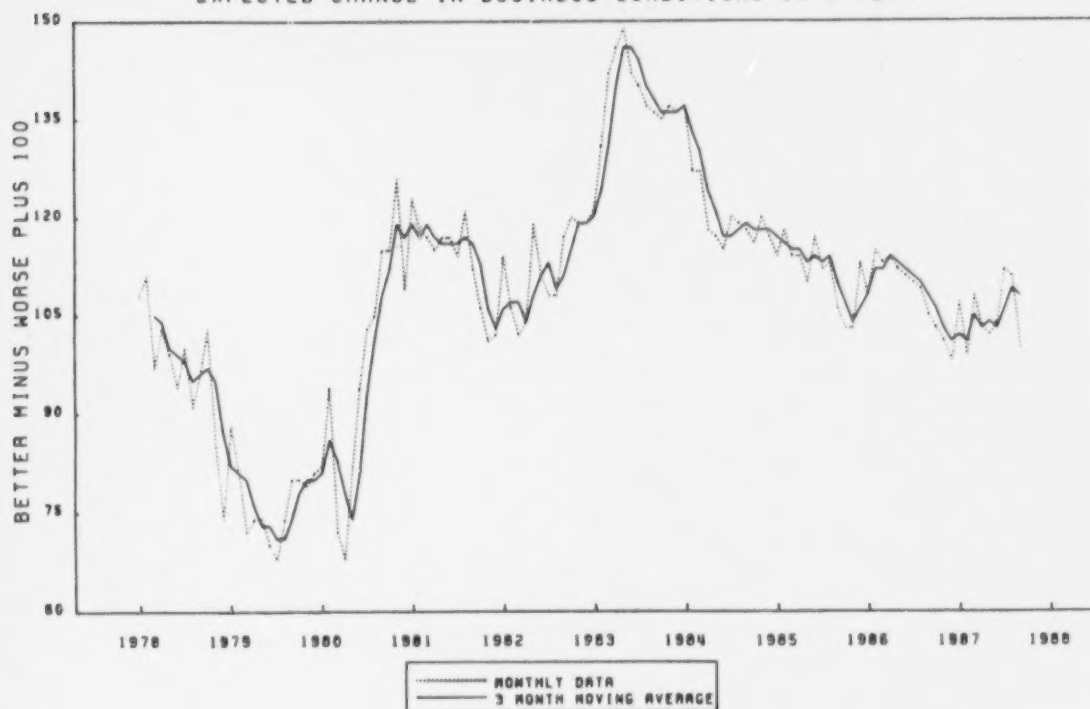


CHART 13 - HISTORICAL SERIES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

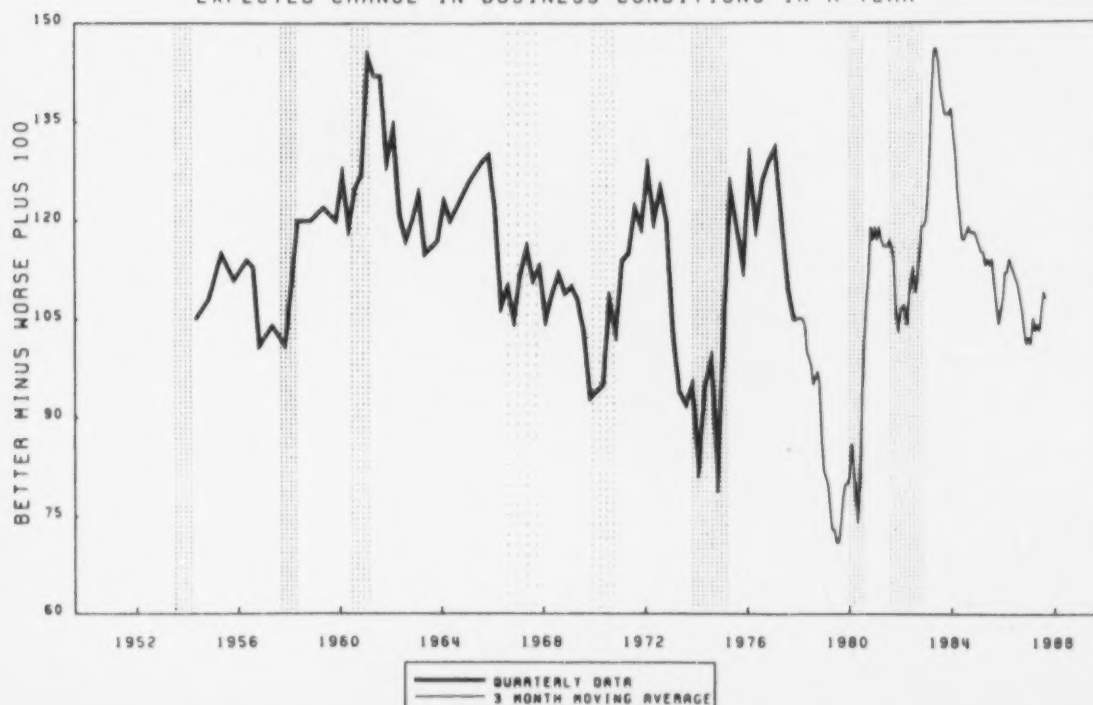


TABLE 13
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987	Sept 1987
BETTER	23%	21%	20%	20%	24%	22%	22%	21%	22%	23%	26%	25%	21%
SAME	55	59	59	56	58	54	61	60	57	57	56	57	58
WORSE	18	18	19	22	17	23	14	18	20	19	14	14	17
DK,NA	4	2	2	2	1	1	3	1	1	1	4	4	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	659	651	656	653	655	657	652	652	651	654	651	654	650

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

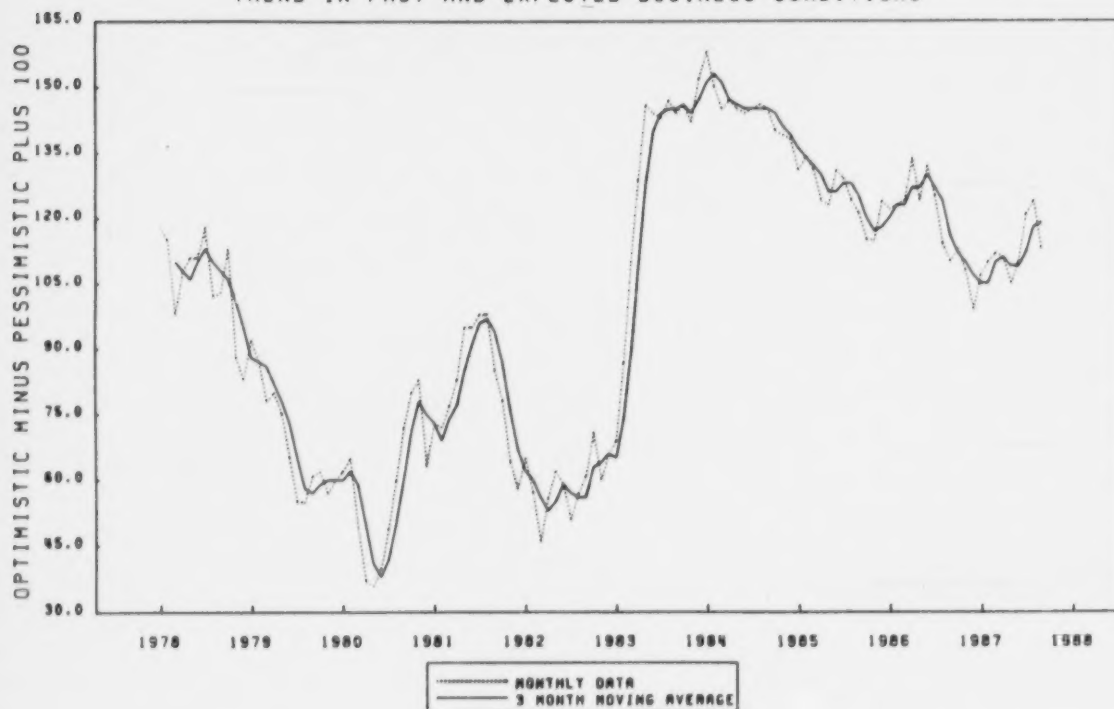


CHART 14 - HISTORICAL SERIES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

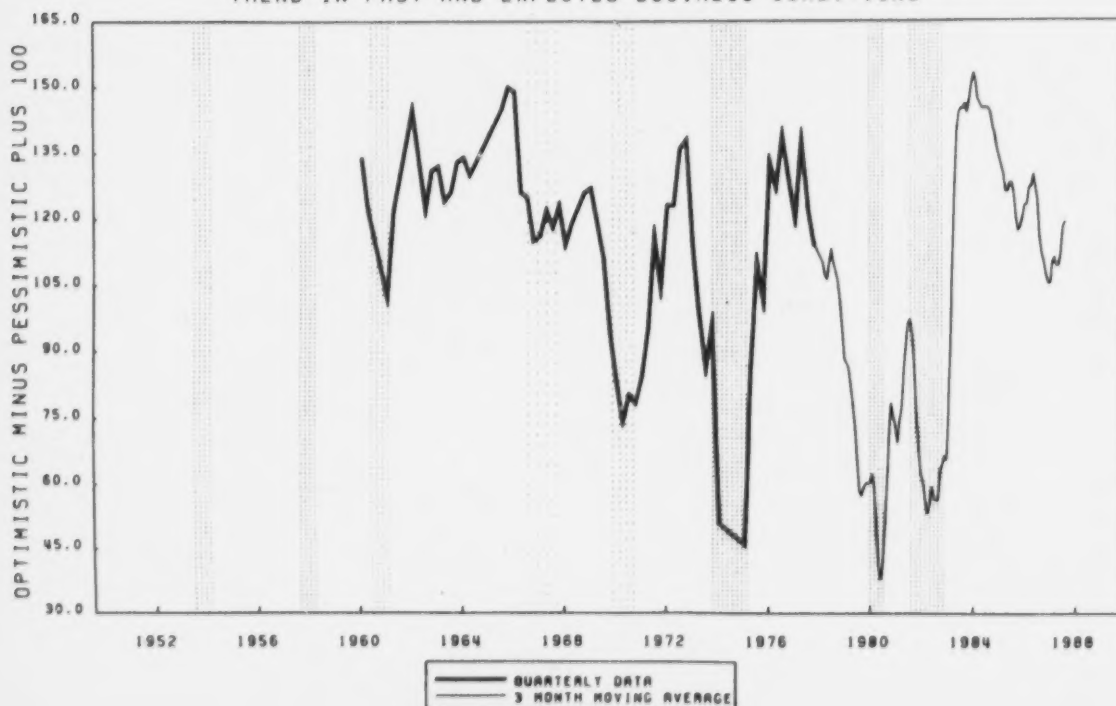


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987	Sept 1987
TREND:													
Continuous increase (a)	15%	13%	12%	12%	15%	14%	13%	13%	12%	14%	17%	19%	14%
Intermittant increase (b)	29	31	30	27	27	32	32	30	28	28	33	33	32
Remain unchanged (c)	8	10	10	10	10	7	11	11	10	11	9	9	9
Intermittant decline (d)	22	21	23	23	24	21	23	22	24	21	19	20	21
Continuous decline (e)	12	10	11	17	11	15	10	10	11	11	10	8	10
Mixed change (f)	10	11	11	7	10	9	7	10	12	12	7	6	9
DK,NA	4	4	3	4	3	2	4	4	3	3	5	5	5
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	659	651	656	653	655	657	652	652	651	654	651	654	650

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
 (b) Better/Same or Same/Better
 (c) Same/Same
 (d) Worse/Same or Same/Worse
 (e) Worse/Worse
 (f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS



CHART 15 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

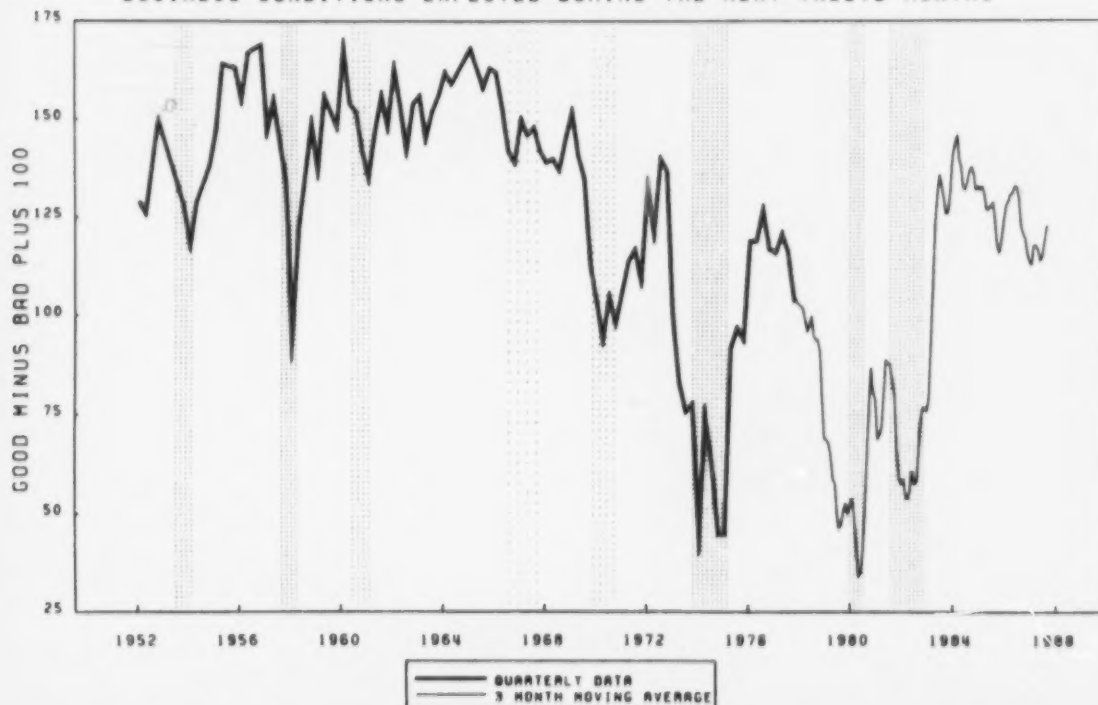


TABLE 15
BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987	Sept 1987
GOOD TIMES	50%	55%	53%	45%	53%	53%	55%	51%	51%	50%	51%	55%	51%
UNCERTAIN; GOOD & BAD	3	3	3	2	3	1	2	2	1	2	2	3	5
BAD TIMES	35	31	33	41	36	36	34	35	37	37	33	30	29
DON'T KNOW	8	4	5	5	4	5	5	8	5	5	7	7	7
NOT ASCERTAINED	4	7	6	7	4	5	4	4	6	6	7	5	8
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	659	651	656	653	655	657	652	652	651	654	651	654	650

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS



CHART 16 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

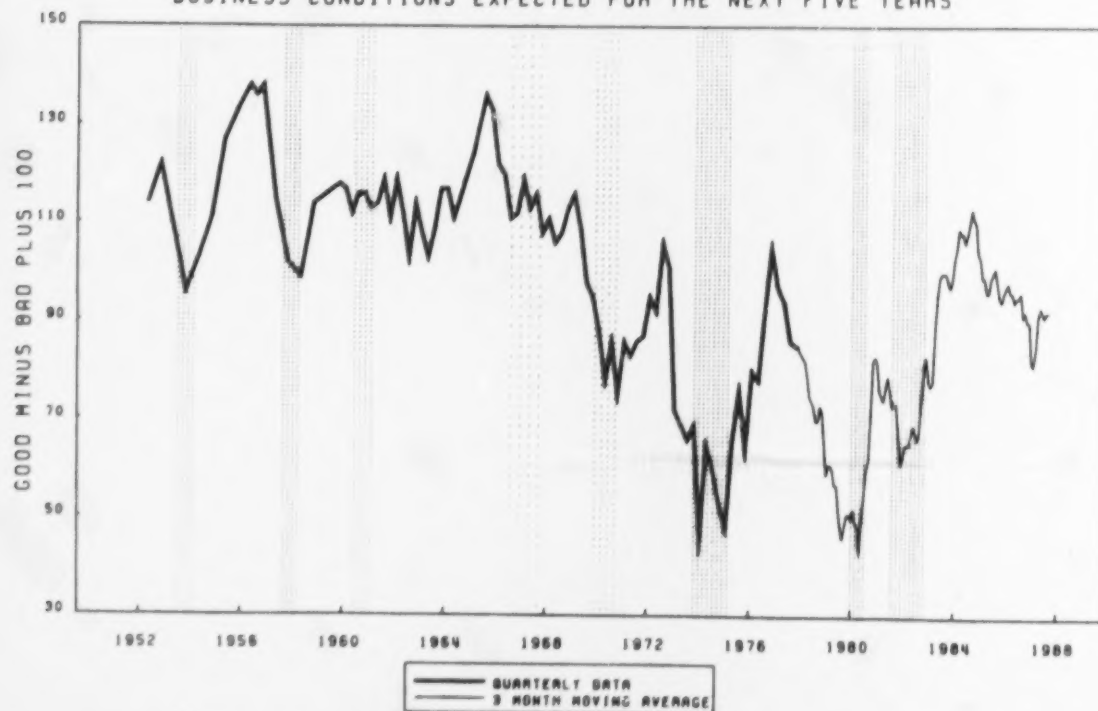


TABLE 16

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987	Sept 1987
GOOD TIMES	33%	41%	35%	33%	30%	34%	39%	41%	36%	37%	36%	36%	37%
UNCERTAIN; GOOD & BAD	11	13	14	13	13	12	10	9	13	9	15	16	13
BAD TIMES	49	42	48	50	53	50	47	44	47	48	42	43	45
NOT ASCERTAINED	7	4	3	4	4	4	4	6	4	6	7	5	5
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	659	651	656	653	655	657	652	652	651	654	651	654	650

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

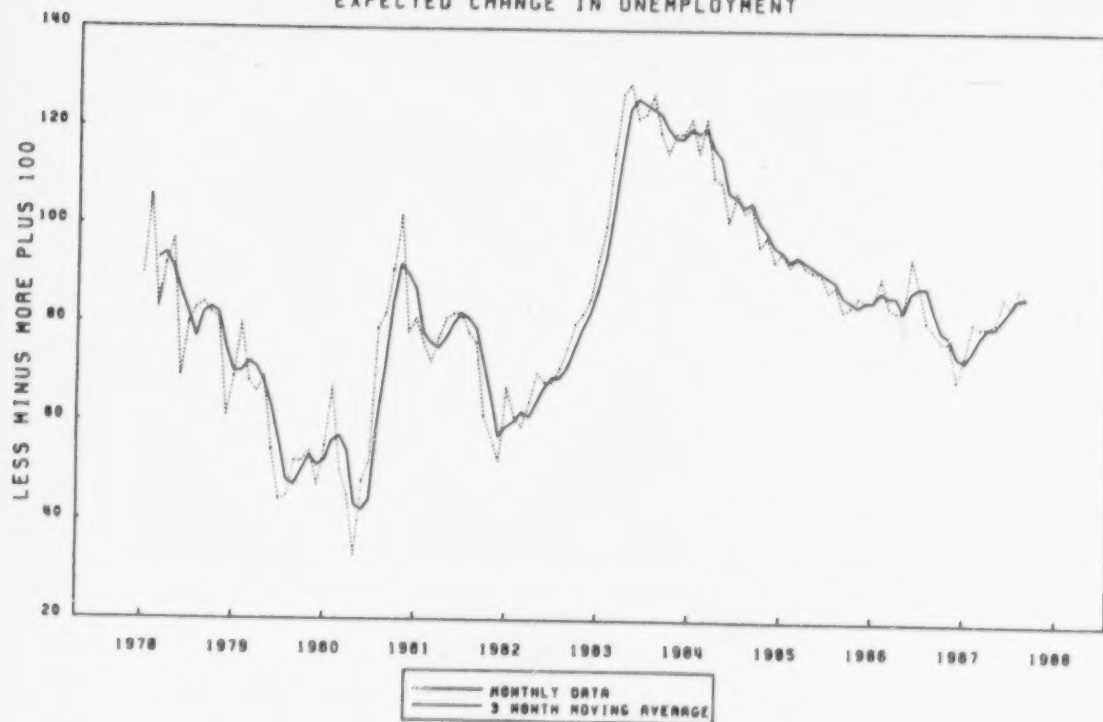


CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

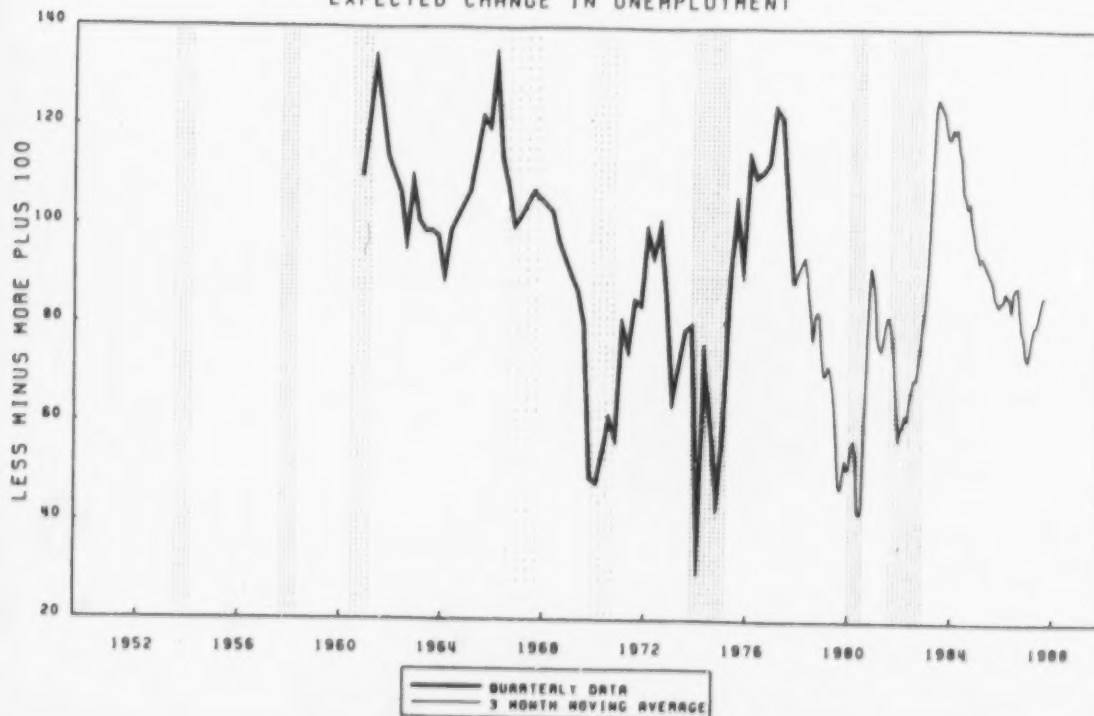


TABLE 17
EXPECTED CHANGE IN UNEMPLOYMENT

	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987	Sept 1987
LESS	11%	10%	11%	11%	12%	14%	15%	13%	13%	16%	14%	15%	13%
SAME	54	55	54	46	49	52	48	52	53	52	55	56	57
MORE	32	33	34	42	38	33	35	33	32	30	30	27	29
DK, NA	3	2	1	1	1	1	2	2	2	2	1	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	659	651	656	653	655	657	652	652	651	654	651	654	650

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 1B - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

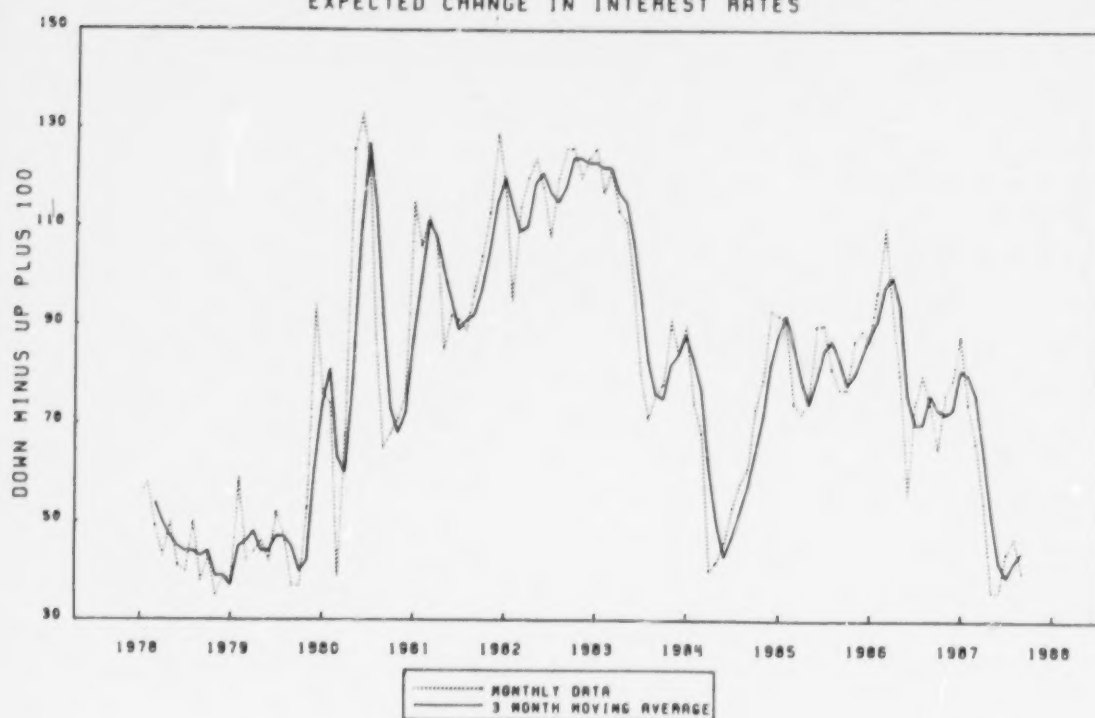


CHART 1B - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

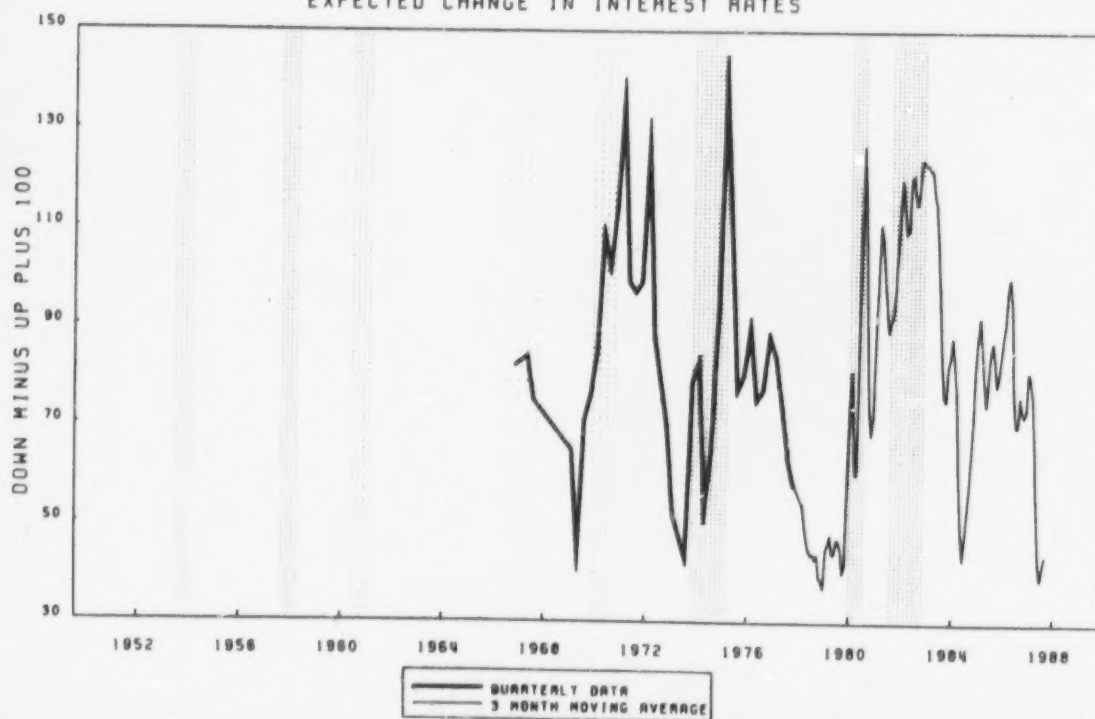


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987	Sept 1987
GO UP	49%	50%	43%	41%	37%	43%	49%	57%	71%	69%	64%	62%	66%
STAY THE SAME	26	33	37	37	35	38	33	29	21	24	26	27	24
GO DOWN	23	15	19	20	25	17	15	11	7	5	8	9	7
DK,NA	2	2	1	2	3	2	3	3	1	2	2	2	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	659	651	656	653	655	657	652	652	651	654	651	654	650

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS



CHART 19 - HISTORICAL SERIES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

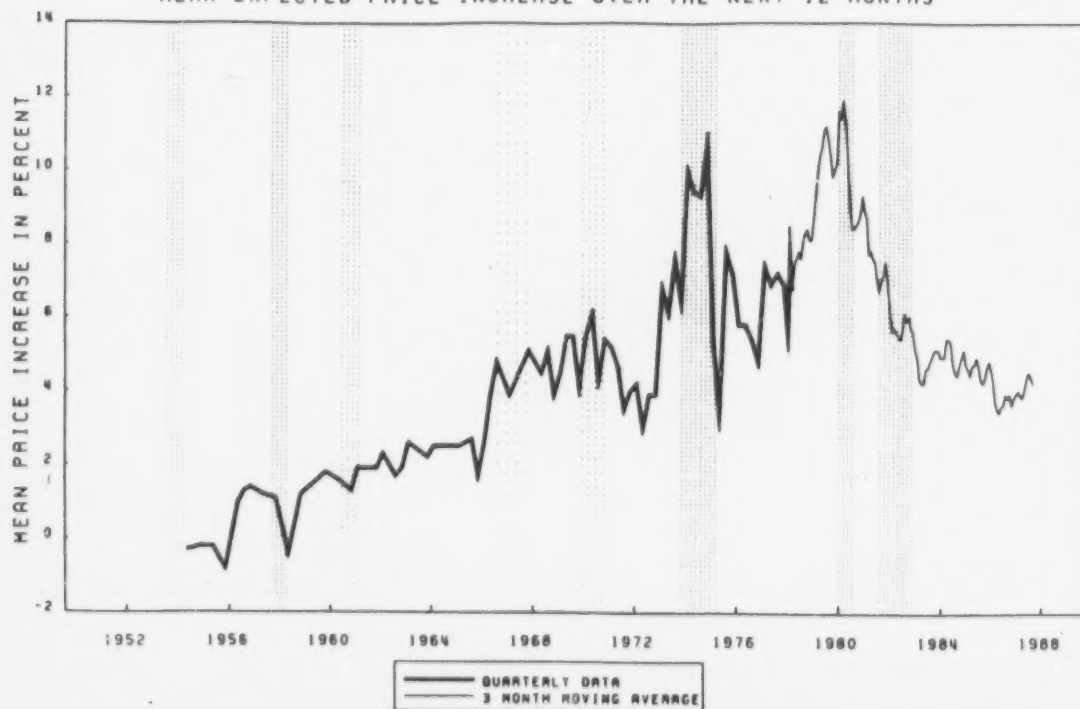


TABLE 19
EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987	Sept 1987
SAME OR DOWN	23%	22%	22%	20%	20%	21%	21%	19%	15%	14%	17%	13%	17%
WILL GO UP BY:													
1-2%	18	17	19	18	18	17	19	19	18	18	20	20	20
3-4%	23	19	25	23	24	21	21	23	23	25	23	25	24
5%	16	21	15	17	14	18	18	16	18	17	16	17	16
6-9%	5	5	6	7	6	5	6	8	10	7	7	8	6
10-14%	5	8	7	6	7	9	5	7	7	8	9	6	7
15% or more	3	2	2	4	4	4	3	2	4	4	3	4	3
DK how much up	6	5	3	4	6	5	6	6	4	6	4	6	5
DK,NA	1	1	1	1	1	*	1	*	1	1	1	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	3.5	3.8	3.6	4.1	3.9	4.1	3.6	3.7	4.7	4.5	4.2	4.5	4.3
VARIANCE	18	17	28	32	25	26	18	21	36	27	28	32	41
CASES	659	651	656	653	655	657	652	652	651	654	651	654	650

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 20 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

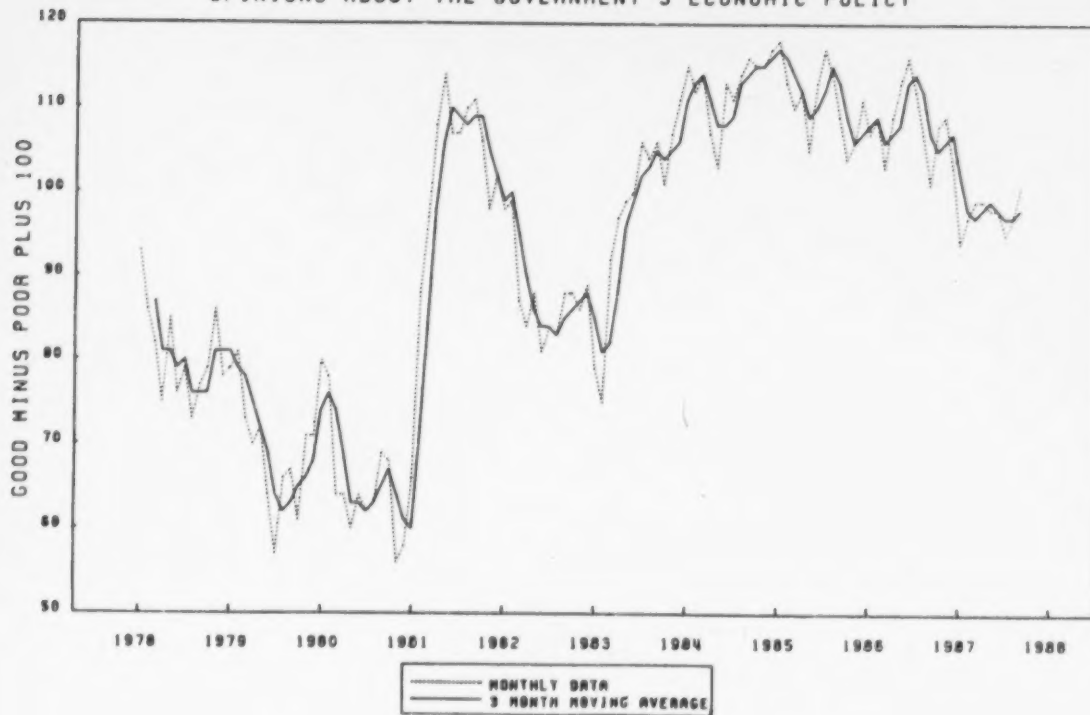


CHART 20 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

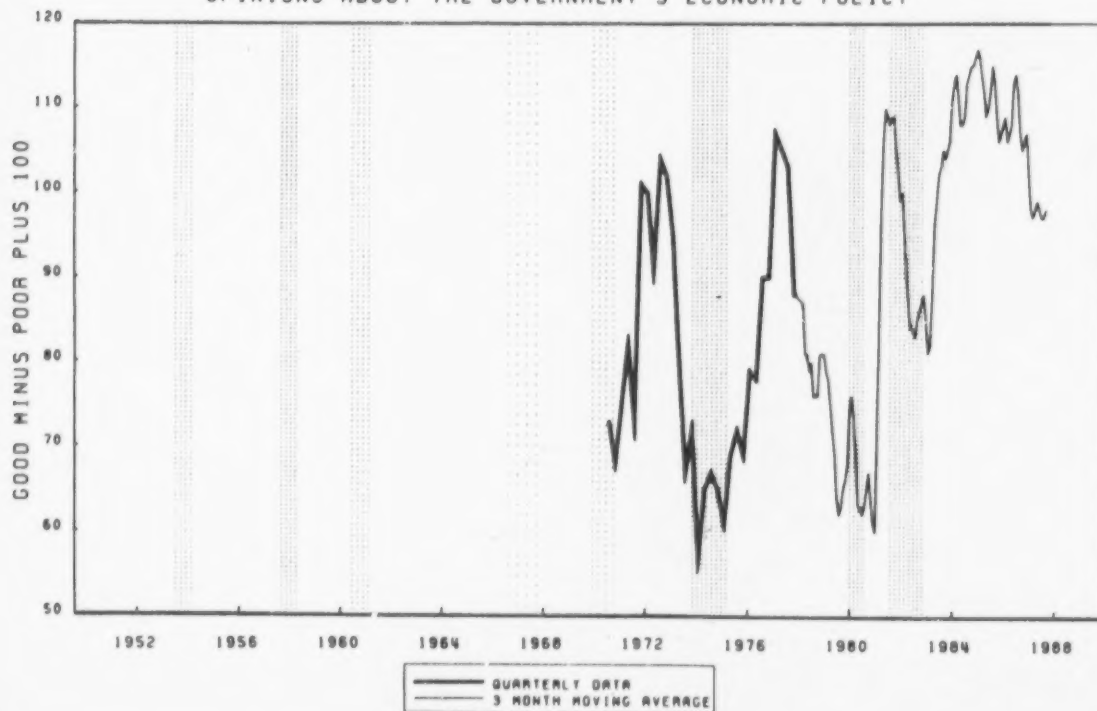


TABLE 20
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987	Sept 1987
A GOOD JOB	22%	27%	28%	26%	20%	23%	23%	21%	21%	23%	21%	23%	23%
ONLY FAIR	54	52	51	49	52	49	52	55	55	49	52	48	54
A POOR JOB	21	19	19	23	26	26	24	22	23	25	26	26	20
DK,NA	3	2	2	2	2	2	1	2	1	3	1	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	659	651	656	653	655	657	652	652	651	654	651	654	650

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

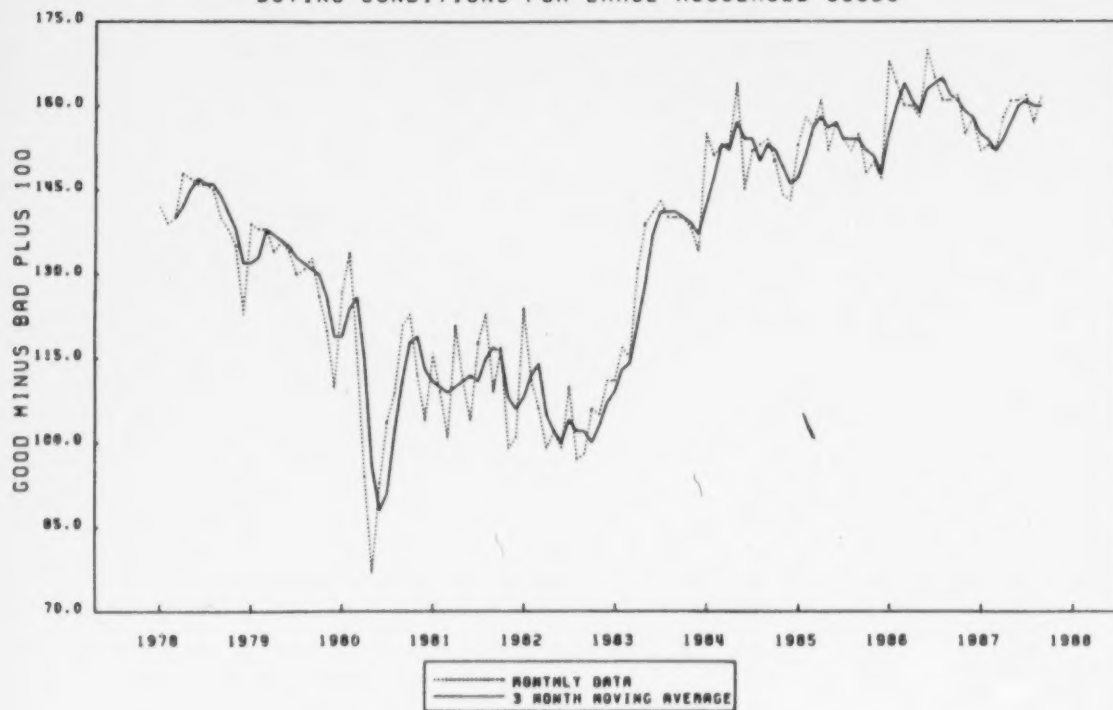


CHART 21 - HISTORICAL SERIES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

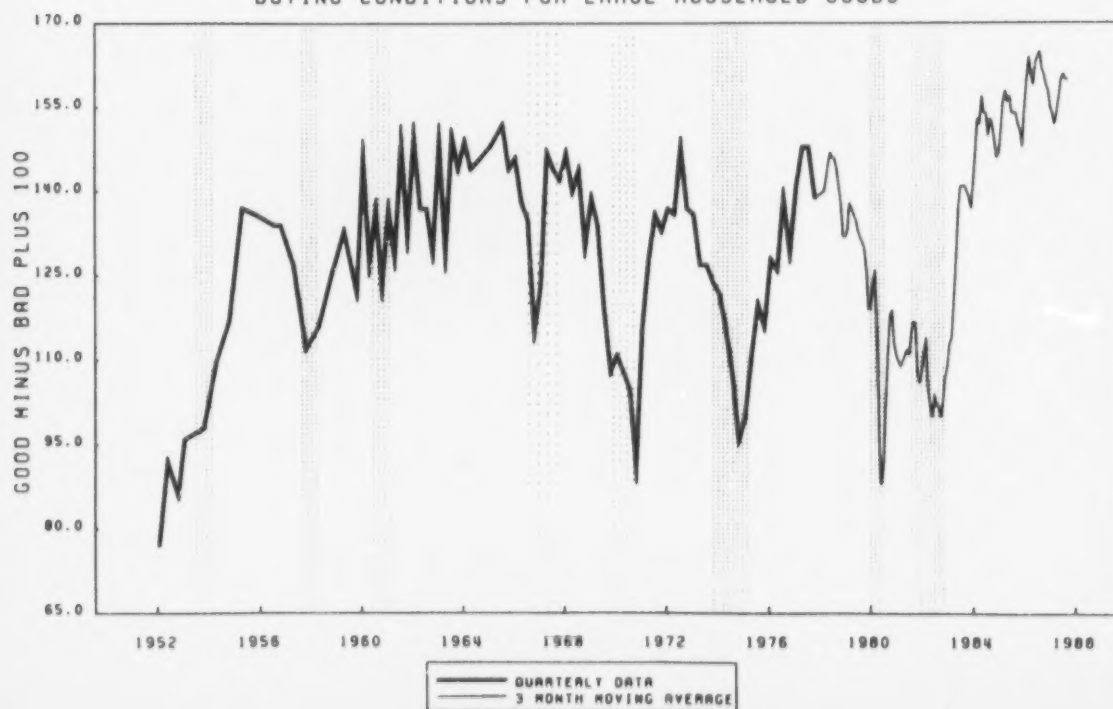


TABLE 21

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987	Sept 1987
GOOD TIME TO BUY	76%	76%	72%	75%	72%	73%	71%	74%	76%	76%	76%	74%	75%
UNCERTAIN, DEPENDS	9	10	11	8	8	7	10	10	9	9	10	9	12
BAD TIME TO BUY	15	14	17	17	20	20	19	16	15	15	14	17	13
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	659	651	656	653	655	657	652	652	651	654	651	654	650

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

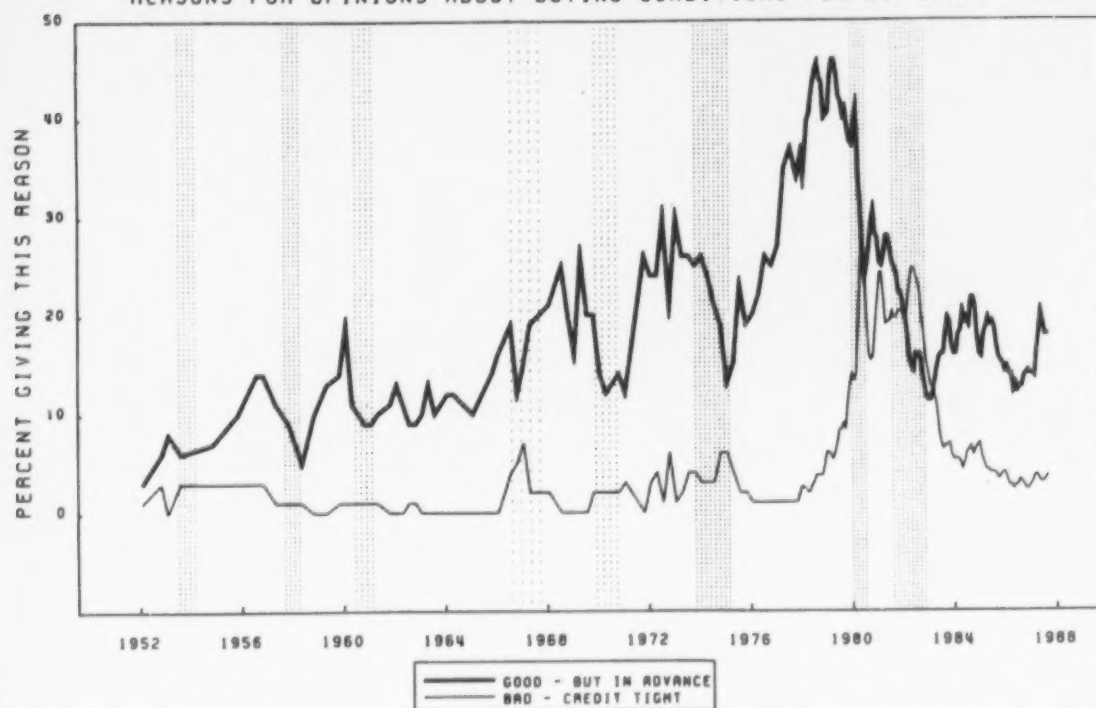


CHART 22B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

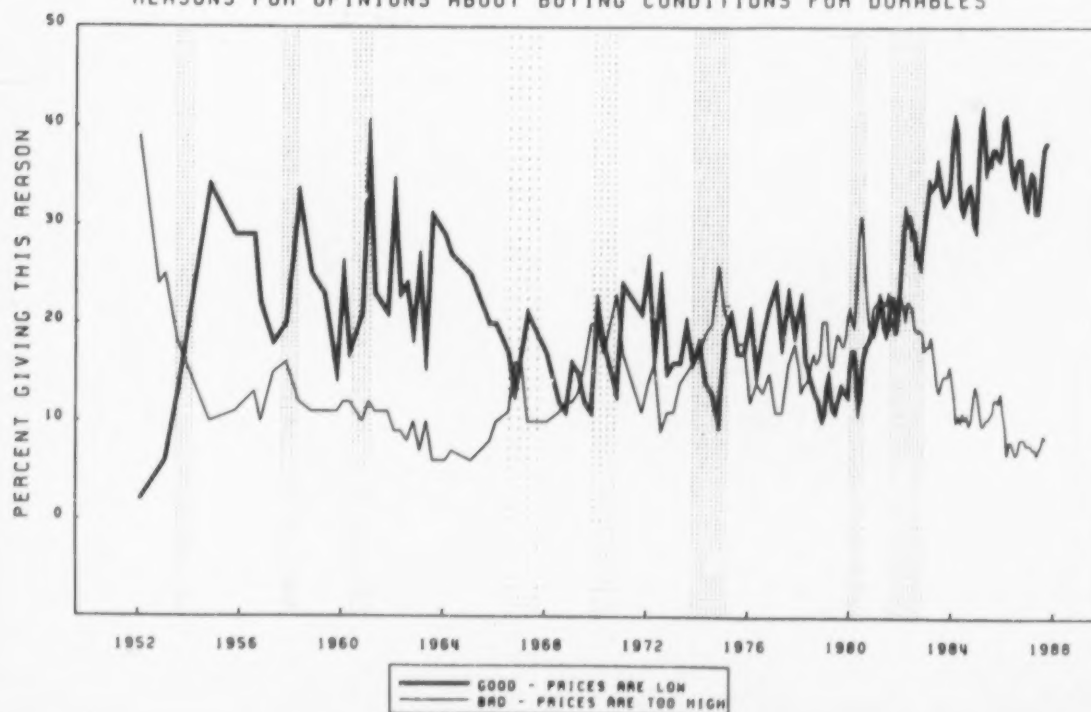


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987	Sept 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	35%	33%	30%	33%	40%	33%	32%	29%	33%	38%	37%	38%	37%
Prices won't come down; are going higher	14	14	14	15	13	14	14	20	20	21	17	16	23
Interest rates low; credit is easy	29	26	25	18	20	21	23	21	19	15	13	18	15
BAD TIME TO BUY:													
Prices are high	10	7	8	8	7	8	7	7	6	9	8	9	8
Interest rates are high; credit is tight	2	2	3	2	3	4	4	3	3	3	3	4	4
Lack of purchasing power	8	7	8	6	8	7	8	5	4	6	5	6	3

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

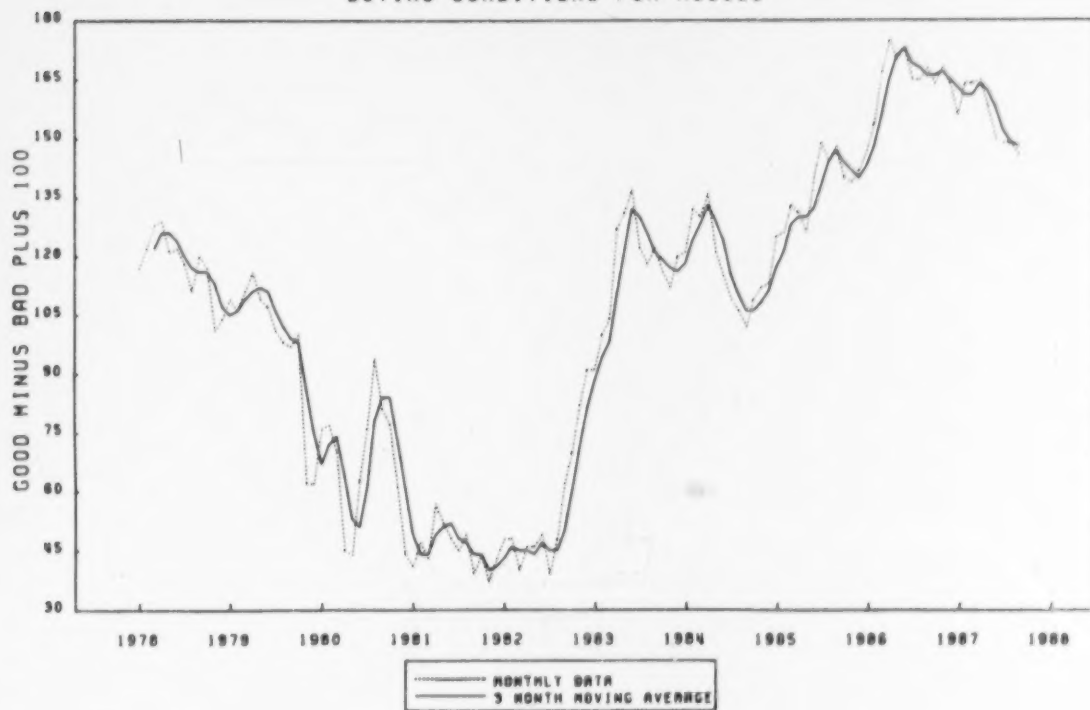


CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

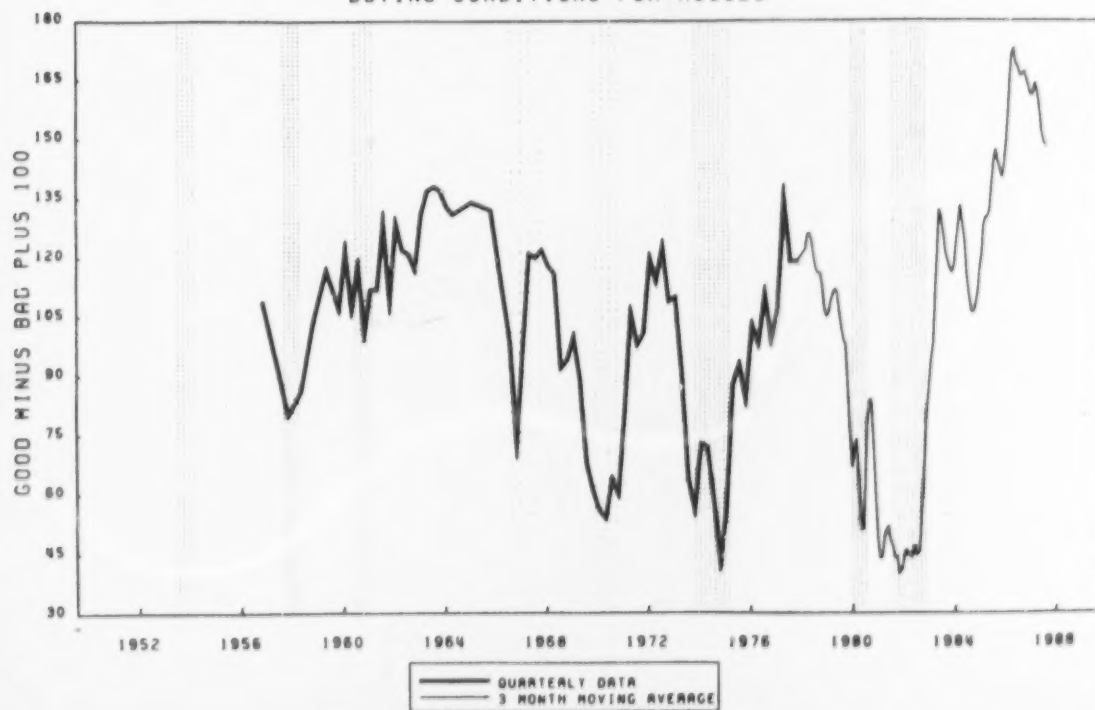


TABLE 23
BUYING CONDITIONS FOR HOUSES

	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987	Sept 1987
GOOD TIME TO BUY	83%	81%	83%	80%	76%	81%	80%	82%	77%	73%	72%	73%	71%
UNCERTAIN, DEPENDS	2	2	2	4	4	2	4	1	4	4	5	3	4
BAD TIME TO BUY	15	17	15	16	20	17	16	17	19	23	23	24	25
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	659	651	656	653	655	657	652	652	651	654	651	654	650

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

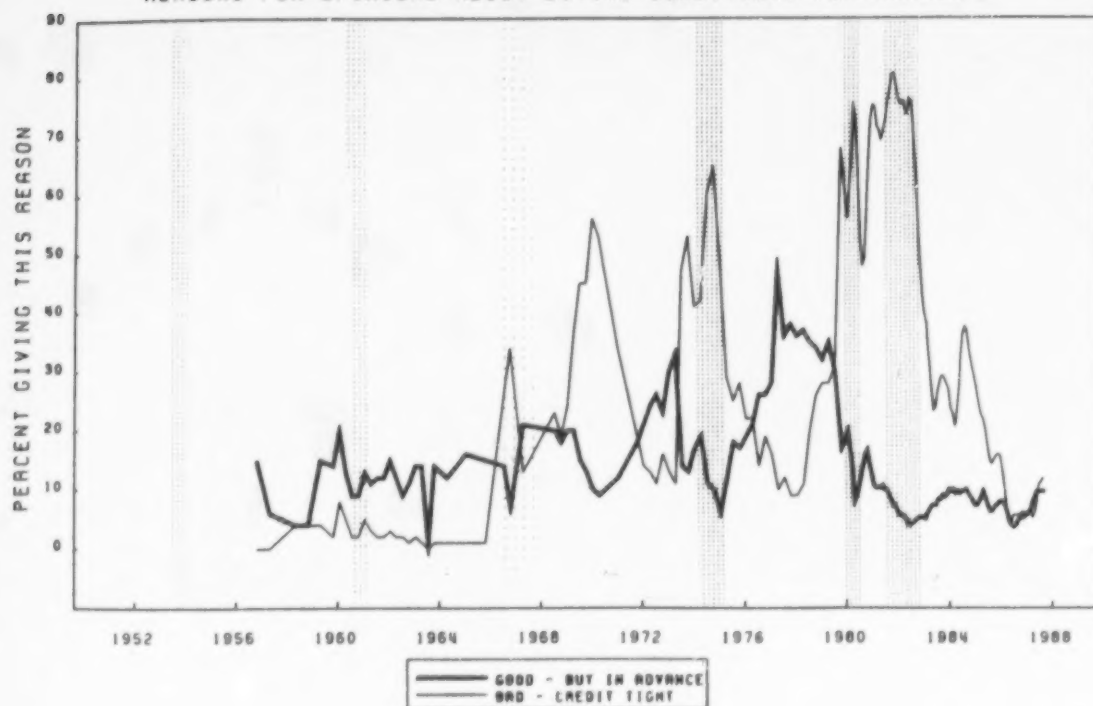


CHART 24B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

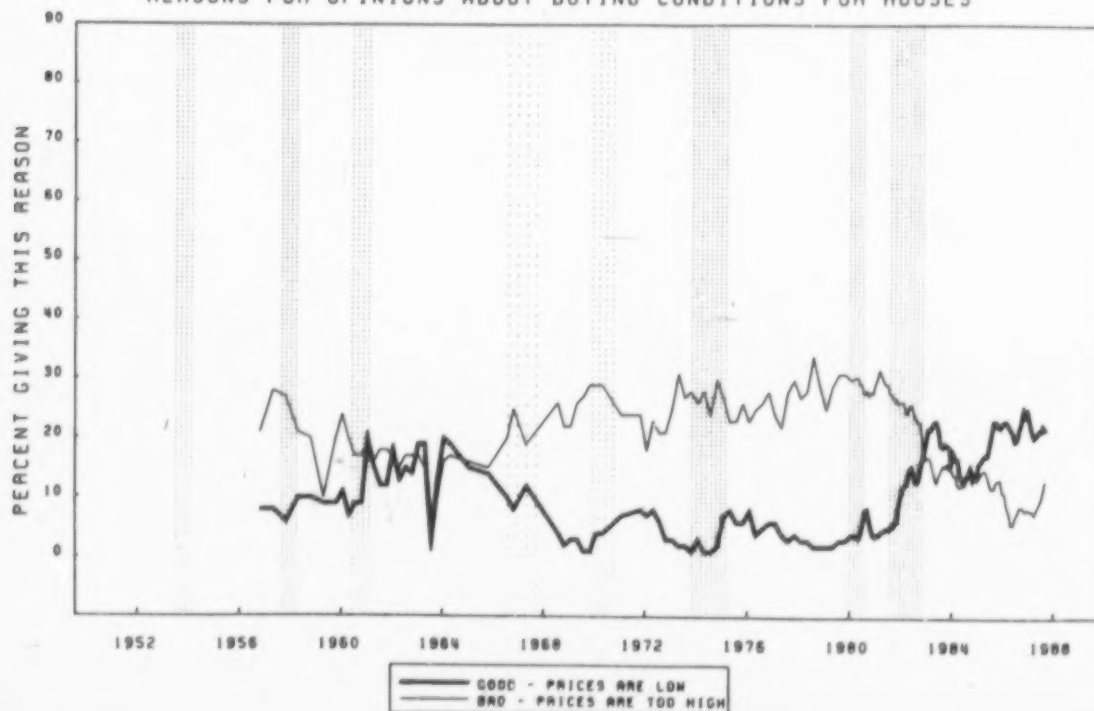


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987	Sept 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	26%	22%	27%	23%	24%	21%	19%	21%	22%	21%	21%	25%	19%
Prices won't come down; are going higher	6	6	6	6	5	7	8	9	9	11	9	9	12
Interest rates low; credit is easy	79	75	75	73	69	74	71	71	66	63	59	57	53
Good investment	5	6	5	6	6	3	6	7	5	5	8	7	7
BAD TIME TO BUY:													
Prices are high	9	9	7	8	10	6	8	8	9	10	10	13	13
Interest rates are high; credit is tight	5	5	5	5	7	6	6	4	9	12	12	10	13
Lack of purchasing power	6	8	8	7	9	8	6	8	6	8	5	8	8

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS



CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS



TABLE 25
BUYING CONDITIONS FOR CARS

	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987	Sept 1987
GOOD TIME TO BUY	81%	72%	63%	64%	55%	62%	66%	64%	67%	65%	67%	66%	66%
UNCERTAIN; DEPENDS	3	7	6	7	9	9	7	8	9	10	11	9	9
BAD TIME TO BUY	16	21	31	29	36	29	27	28	24	25	22	25	25
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	659	651	656	653	655	657	652	652	651	654	651	654	650

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

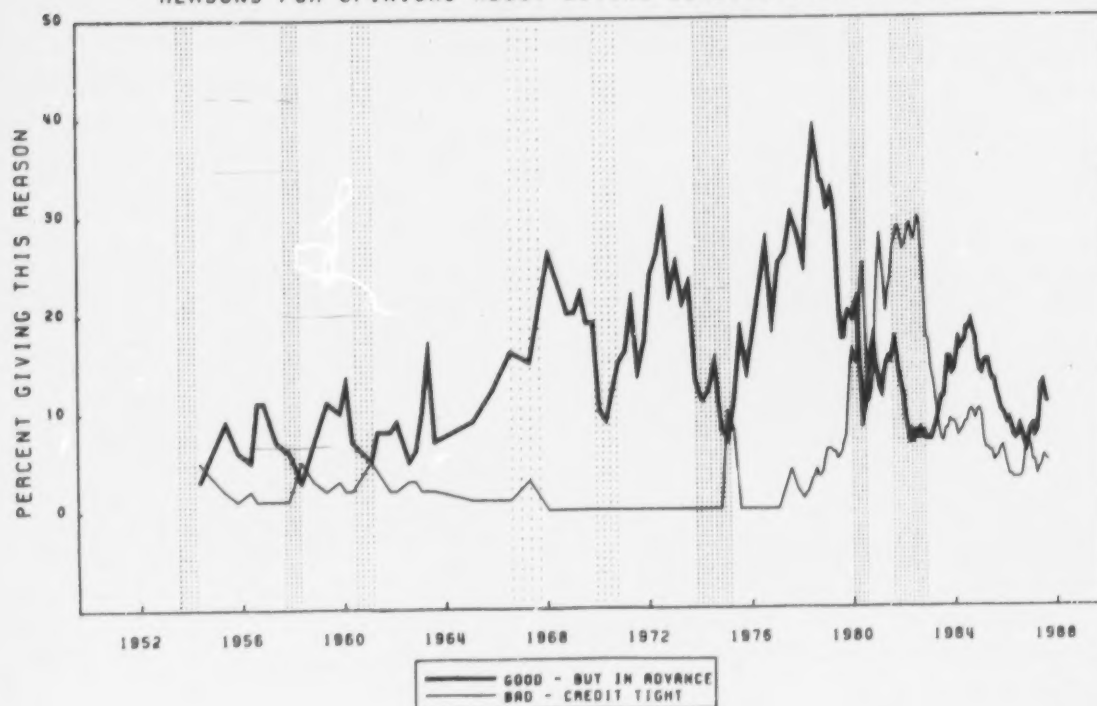


CHART 26B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

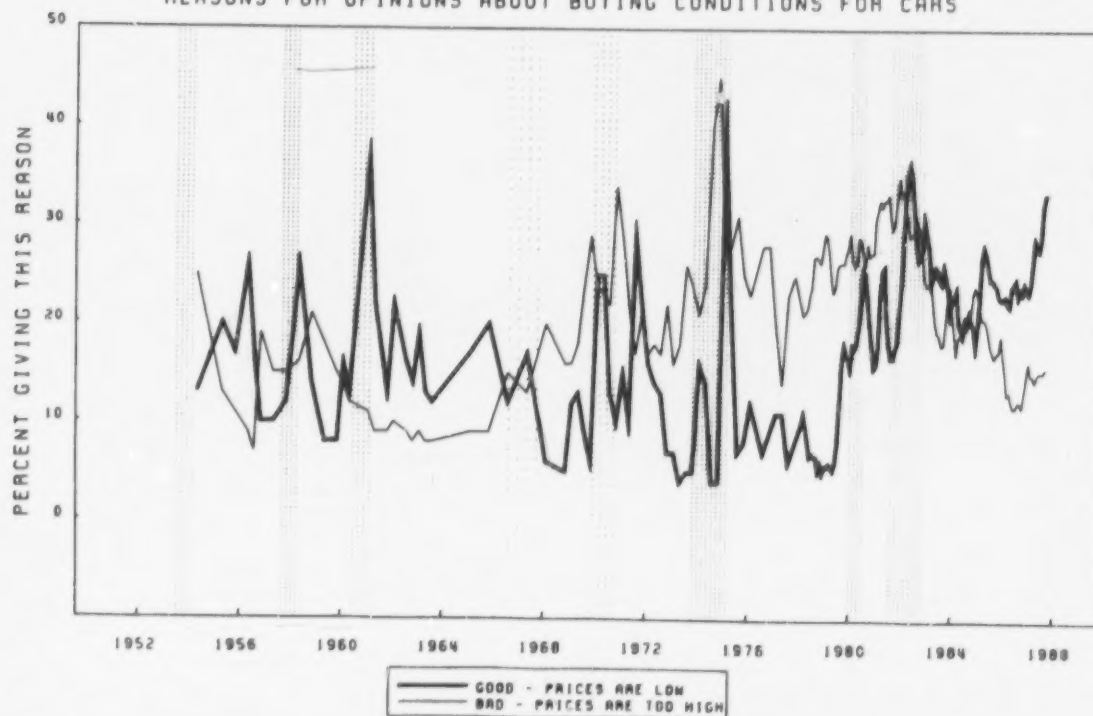


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987	Mar. 1987	Apr. 1987	May 1987	June 1987	July 1987	Aug. 1987	Sept 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	25%	22%	26%	23%	21%	29%	29%	28%	27%	28%	32%	36%	29%
Prices won't come down; are going higher	6	5	7	9	8	8	6	9	13	15	10	10	15
Interest rates low; credit is easy	73	58	43	45	34	38	44	40	40	38	30	37	40
New fuel efficient models	*	*	*	*	1	*	*	1	*	1	1	*	*
BAD TIME TO BUY:													
Prices are high	11	12	17	15	17	13	15	15	15	16	15	15	16
Interest rates are high; credit is tight	4	8	9	4	6	4	4	2	6	5	5	5	4
Lack of purchasing power	2	2	4	4	6	6	5	5	5	4	4	3	4
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	1	1	1
Poor selection; quality	1	1	2	2	2	2	2	3	3	2	3	5	4

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

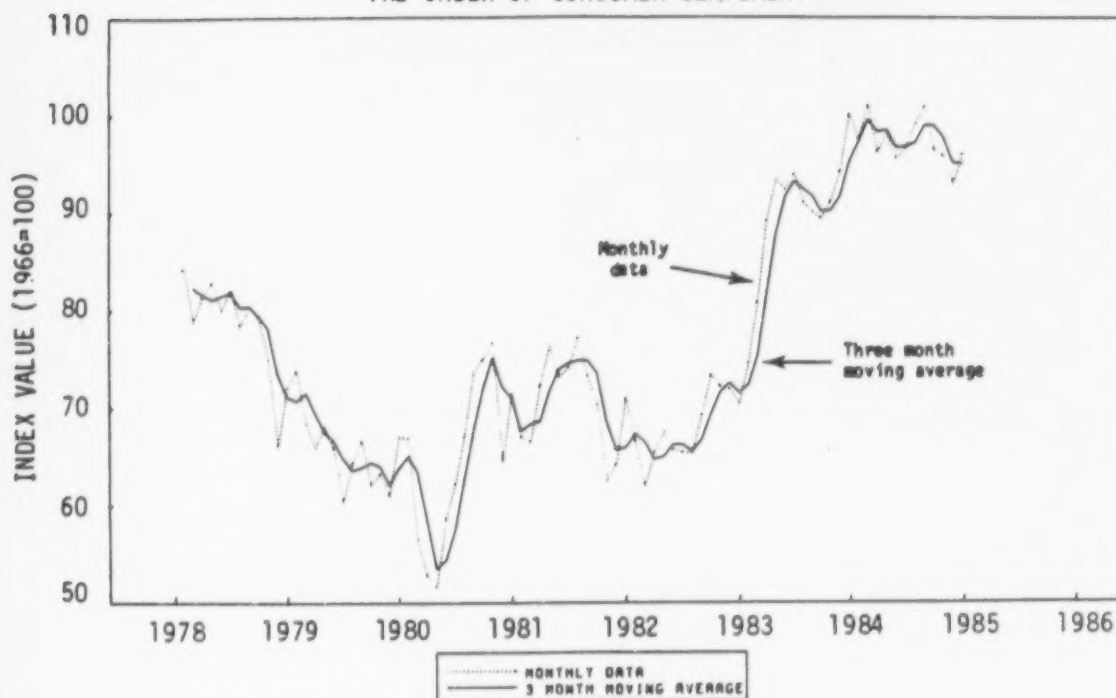
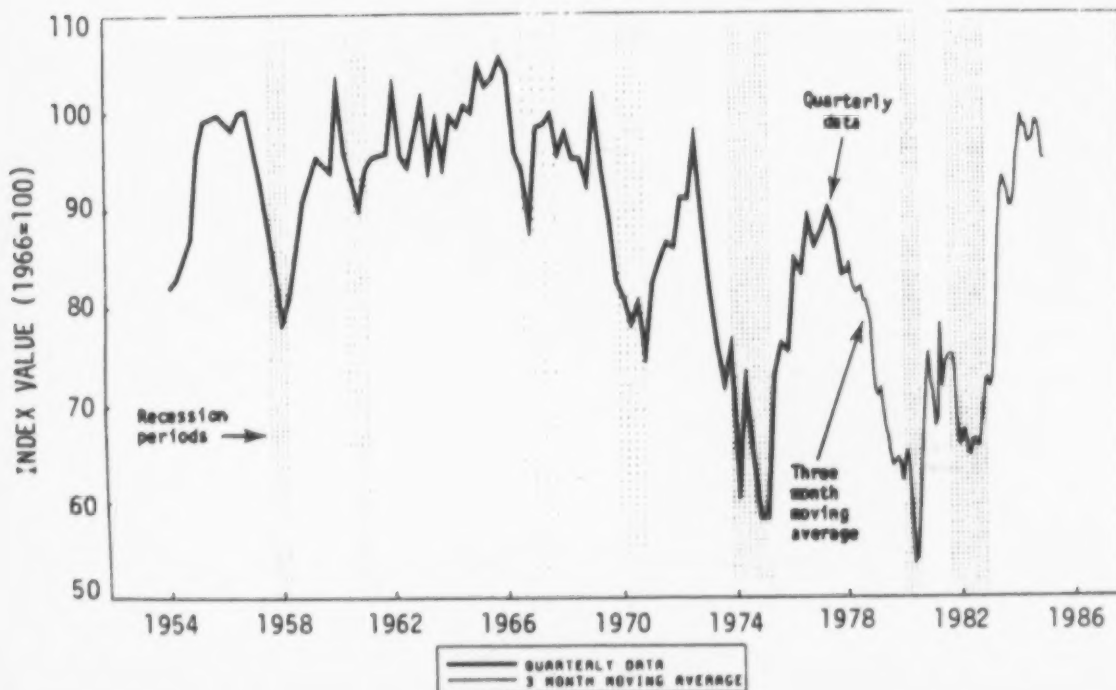


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.

MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.

THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES:	November 1948	-	October 1949
	July 1953	-	May 1954
	August 1957	-	April 1958
	April 1960	-	February 1961
	June 1966	-	November 1967*
	December 1969	-	November 1970
	November 1973	-	March 1975
	January 1980	-	July 1980
	July 1981	-	November 1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS^a OF SURVEY FINDINGS
(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	<u>700^b</u>	<u>1,400^c</u>	<u>2,100^d</u>
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

^aThe figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

^bAverage size of monthly surveys.

^cAverage size of two monthly surveys.

^dAverage size of three monthly surveys (one quarter).